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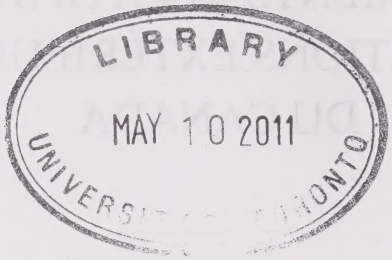
DOCUMENTS ON CANADIAN EXTERNAL RELATIONS

VOLUME 27

1960

Sous la direction de
Janice Cavell
Editor

AFFAIRES ÉTRANGÈRES ET
COMMERCE INTERNATIONAL CANADA
FOREIGN AFFAIRS AND
INTERNATIONAL TRADE CANADA



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INTRODUCTION

INTRODUCTION

Dans l'avant-propos du rapport de son ministère pour 1960, le secrétaire d'État aux Affaires extérieures, Howard Green, disait ceci : « La plupart des événements marquants des dernières années doivent évidemment être examinés dans le cadre des rapports Est-Ouest; toute analyse du climat international tient forcément compte du degré d'harmonie entre l'univers communiste et le monde non communiste ».[1] Dans cette optique, disait Green, l'année 1960 a suscité de grands espoirs qui, cependant, se sont effondrés de façon dramatique. Le sommet auquel avaient convenu de participer le président américain Dwight Eisenhower et le dirigeant soviétique Nikita Khrouchtchev, en décembre 1959, devait se tenir en mai à Paris. Même si le Canada n'y était pas représenté, les politiciens et les diplomates canadiens s'intéressaient de très près aux préparatifs menés par l'Organisation du Traité de l'Atlantique Nord (OTAN).

Plus tôt dans l'année, les perspectives de réussite du nouveau Comité des dix puissances sur le désarmement semblaient également très favorables. Le Canada faisait partie de cet organe créé en septembre 1959. En mars 1960, le Comité se réunit à Genève pour une première session qui, contre toute attente, s'avéra ardue et frustrante, puis il suspendit ensuite ses travaux pendant la tenue du sommet. Les Canadiens assistèrent avec désarroi à l'échec de ce sommet, provoquée par la révélation que des avions-espions américains avaient survolé le territoire de l'Union soviétique (URSS). L'ambassadeur du Canada à Moscou, David Johnson, était présent lorsque dans un discours, Khrouchtchev annonça la capture du pilote américain Francis Gary Powers. « Nous nous attendions à tout un spectacle, rapporta Johnson non sans ironie, et malheureusement, nous n'avons pas été déçus. Ce fut un moment sublime pour Khrouchtchev, mais pas pour l'Ouest » (document 180).

Le Comité des dix puissances sur le désarmement reprit ses travaux en juin, mais les abandonna après le départ hâtif des représentants de l'Union soviétique, de la Bulgarie, de la Tchécoslovaquie, de la Pologne et de la Roumanie. Pendant tout l'été, les diplomates canadiens, dirigés par un Howard Green déterminé, réclamèrent la convocation rapide de la Commission du désarmement des Nations Unies, mais en vain. En même temps, la situation au Congo, au Laos et à Cuba contribua aussi à anéantir les espoirs d'une plus grande harmonie internationale qui s'étaient manifestés en début d'année. Chacun de ces conflits de la guerre froide eut d'importantes répercussions sur le gouvernement du Canada.

La crise du Congo commença en juillet, avec la révolte contre le régime belge dans la province du Katanga. Les désaccords au Conseil de sécurité de l'Organisation des Nations Unies (ONU) entre les puissances occidentales et l'Union soviétique firent comprendre rapidement que les luttes de la guerre froide allaient largement infléchir le cours des événements à venir. Le Canada soutint sans réserve les tentatives menées par le secrétaire général de l'ONU, Dag Hammarskjöld, pour « faire en sorte que la situation congolaise et même tous les problèmes politiques de

---

[1] *Rapport du ministère des Affaires extérieures, 1960* (Imprimeur de la Reine, Ottawa, 1961), p. vii.

INTRODUCTION

"Most of the major events of recent years," Secretary of State for External Affairs Howard Green wrote in the foreword to his department's annual report for 1960, "have perforce had to be viewed against the background of East-West relations, and it has become customary to assess the international climate in any given period in terms of the relative degree of harmony existing between the Communist and non-Communist worlds."[1] By this standard, Green noted, 1960 was a year of high hopes raised only to be disappointed in a dramatic fashion. The Paris summit meeting, agreed to by US President Dwight Eisenhower and Soviet leader Nikita Khrushchev in December 1959, was scheduled to take place in May. Though Canada was not represented at the meeting, Canadian politicians and diplomats took a keen interest in the preparations made by the North Atlantic Treaty Organization (NATO).

Early in the year, prospects for the success of the new Ten Nation Disarmament Committee also seemed highly favourable. Canada was a member of this body, established in September 1959. In March 1960, the Committee met in Geneva for an unexpectedly arduous and frustrating first session. Then it adjourned while the summit meeting took place. Canadians watched with dismay as the summit collapsed amid revelations of espionage by American planes over the Soviet Union. The Canadian ambassador in Moscow, David Johnson, was present at Khrushchev's speech announcing the capture of American pilot Francis Gary Powers. "[W]e expected a sensation," Johnson wryly reported, "and unfortunately were not disappointed. [I]t was a great occasion for Khrushchev but not for the West" (Document 180).

The Ten Nation Committee resumed its work in June, only to collapse in its turn when the representatives of the Soviet Union, Bulgaria, Czechoslovakia, Poland and Roumania walked out. Throughout the summer, Canadian diplomats, led by a determined Green, pressed for an early meeting of the United Nations Disarmament Commission, but to no avail. At the same time, the year's early promise of greater international harmony was further shattered by developments in the Congo, Laos and Cuba. Each of these Cold War conflicts had important repercussions for the Canadian government.

The Congo crisis began early in July with a revolt against Belgian rule in the province of Katanga. Disagreements in the United Nations Security Council between the Western powers and the Soviet Union soon made it clear that Cold War struggles would do much to shape the course of events. Canada gave its full support to UN Secretary-General Dag Hammarskjöld's attempts "to remove the Congo situation and indeed all political problems in Africa from the context of the cold war" (Document 10). The government approved a contribution of $1 million in aid; Canadian technical personnel joined the United Nations force in the Congo; and Canada also shared in the cost of airlifting troops and supplies. The presence of Canadian troops in the Congo was decried by the Soviet Union, and Canadian personnel were subject

[1] *Report of the Department of External Affairs, 1960* (Ottawa: Queen's Printer, 1961), p. v.

l'Afrique échappent au contexte de la guerre froide » (document 10). Le gouvernement approuva une contribution de un million de dollars au titre de l'aide. Du personnel technique canadien se joignit à la force des Nations Unies au Congo, et le Canada participa aux coûts du transport aérien des troupes et des fournitures. L'Union soviétique dénonça la présence de militaires canadiens au Congo, lesquels furent attaqués à deux reprises. En visite à Ottawa, le dirigeant congolais Patrice Lumumba donna l'impression que « son attitude envers les pays occidentaux et le bloc soviétique était encore incertaine et méritait un examen plus attentif », et que, sur le plan personnel, « il était vaniteux, mesquin, rustre, méfiant et peut-être sans scrupules » (document 17). Parmi les instructions qui furent données à la délégation canadienne participant à la 15e session de l'Assemblée générale de l'ONU, on lit ceci : « Ces derniers mois, non seulement les relations internationales se sont-elles gravement détériorées, mais on constate aussi, et cela est alarmant, que certains pays usent d'une rhétorique agressive et se montrent irascibles et belliqueux ». Le document se poursuit en disant qu'il y a là « un sérieux défi au prestige et à l'autorité des Nations Unies » et « qu'il est plus impératif que jamais de rappeler les nobles objectifs et principes de l'organisation. Il est particulièrement souhaitable que la délégation canadienne fasse valoir que les Nations Unies jouissent de notre total soutien » (document 96). À la fin de l'année, le ministère des Affaires extérieures réexamina la situation et réitéra avec fermeté l'attachement du Canada aux efforts de maintien de la paix déployés par l'ONU. Cela dit, le représentant permanent du Canada, Charles Ritchie, n'en informa pas moins Hammarskjöld, avec doigté, des préoccupations canadiennes concernant l'organisation et le fonctionnement de la force onusienne (documents 39 et 40).

Tout au long de l'année 1959, le Canada avait maintenu que la Commission internationale de supervision et de contrôle au Laos ne devait pas être convoquée de nouveau. Malgré les troubles qui persistaient dans ce pays, la question demeura en suspens pendant presque toute l'année 1960, du moins en ce qui concerne le Canada. En octobre cependant, elle revint au premier plan des discussions stratégiques canadiennes. Le Canada soutint les efforts déployés à l'ONU pour que le Laos et le Cambodge soient déclarés pays neutres, mais il hésita lorsque le premier ministre de l'Inde, Jawaharlal Nehru, demanda encore une fois que la Commission soit convoquée de nouveau. Les responsables indiens reçurent l'assurance qu'Ottawa « examinait promptement et avec sympathie » la proposition de Nehru (document 534). Cet examen mena cependant à la conclusion que « la réactivation de la Commission internationale de supervision et de contrôle au Laos ne semblait pas réalisable à ce moment » (document 539).

Les incidences que la situation à Cuba en 1960 eut sur le Canada se firent sentir surtout au niveau des relations bilatérales avec les États-Unis plutôt que dans les grandes enceintes des Nations Unies et de l'OTAN. Les Canadiens étaient déterminés à améliorer leurs rapports avec l'Amérique latine en général, comme en témoigne la visite extrêmement fructueuse du premier ministre Diefenbaker au Mexique et celle de Howard Green en Amérique du Sud. Le gouvernement, pleinement soutenu en

to attack on two occasions. A visit to Ottawa by Congolese leader Patrice Lumumba left the impression that his "attitude as regards occidental countries and the Soviet bloc is still equivocal and warrants careful study," and that he was personally "vain, petty, boorish, suspicious and perhaps unscrupulous" (Document 17). The instructions for the Canadian delegation to the fifteenth session of the General Assembly noted that, "Recent months have seen not only a serious deterioration in international relations, but also a disturbing resort to extreme language, irritability and rocket rattling on the part of some countries." This, the instructions went on to say, posed "a grave challenge to the prestige and authority of the United Nations," and it was "perhaps more than ever before, imperative to recall the high purposes and principles of the organization. It is especially desirable for the Canadian Delegation to stress Canada's strong support for the United Nations" (Document 96). At the year's end, External Affairs reviewed the situation, and again strongly affirmed Canada's commitment to the UN's peacekeeping efforts. Concerns about the organization and operation of the United Nations force were, however, tactfully expressed to Hammarskjöld by the Canadian Permanent Representative, Charles Ritchie (Documents 39 and 40).

Throughout 1959, Canada had maintained its stand that the International Commission for Supervision and Control in Laos should not be reconvened. Despite the ongoing turmoil in Laos, this issue remained in abeyance, so far as Canada was concerned, throughout most of 1960. In October, however, it again came the forefront of Canadian policy discussions. Canada supported efforts in the UN to have Laos and Cambodia declared neutral, but was hesitant when Indian Prime Minister Jawaharlal Nehru once again called for the reconvening of the ICSC. Indian officials were assured that Nehru's proposal was being given "urgent and sympathetic consideration in Ottawa" (Document 534) but the Canadian conclusion was that "the reactivation of the I.S.C. in Laos at present would not appear to be practicable" (Document 539).

The impact on Canada of the situation in Cuba during 1960 was felt mainly in the area of bilateral relations with the United States, rather than in the larger fora provided by the United Nations and NATO. Canadians were eager for better relations with Latin America generally, as demonstrated by Prime Minister John Diefenbaker's extremely successful visit to Mexico and Green's tour of South America. The government, fully supported by External Affairs, wished to maintain cordial relations with Cuba and to increase trade, without intending this stand as an endorsement of the Castro regime. Canadian concerns over Castro's policy of nationalization were high, and Canadian exports of military equipment to Cuba were carefully regulated. At the same time, however, Canada deliberately took a "very moderate" tone towards Cuba, in contrast to the United States, whose protests were considered by Ottawa to be excessively "vigorous and stiff." This, it was hoped, "would leave us free to play an independent role should the situation deteriorate seriously" (Document 578).

Early in July, President Eisenhower wrote a personal letter to Diefenbaker, stating that "We are facing a serious situation in the Caribbean which is obviously inviting Soviet penetration of the Western Hemisphere in Cuba" (Document 582).

cela par les Affaires extérieures, voulait maintenir des relations cordiales avec Cuba et accroître le commerce, sans pour autant avaliser le régime castriste. Le Canada craignait cependant beaucoup la politique de nationalisation pratiquée par Castro, et les exportations canadiennes de matériel militaire vers Cuba furent contrôlées minutieusement. En même temps toutefois, le Canada adopta délibérément un ton « très modéré » envers Cuba, contrairement aux États-Unis dont les protestations étaient considérées par Ottawa comme excessivement « vigoureuses et rigides ». Cette attitude, espérait-on, « nous permettra de jouer un rôle indépendant dans l'hypothèse où la situation empirerait » (document 578).

Au début de juillet, le président Eisenhower fit tenir à Diefenbaker une lettre personnelle où il dit : « La situation dans les Antilles est grave et à l'évidence, cela favorise la pénétration soviétique dans l'hémisphère occidental à travers Cuba » (document 582). Eisenhower demanda à Green de discuter de la question avec les représentants américains lors de la réunion annuelle du Comité ministériel Canada–États-Unis sur la défense commune, laquelle se tint cette année-là à Montebello, au Québec. Les discussions (documents 302, 586 et 587) tenues à cette occasion ne servirent qu'à faire ressortir les différences entre les évaluations américaine et canadienne de la situation. L'ambassadeur du Canada aux États-Unis, Arnold Heeney, déclara plus tard que la réunion de Montebello fut un point tournant majeur dans les relations canado-américaines pendant les années Diefenbaker.[2] Une tentative de médiation menée conjointement par le Canada, le Mexique et le Brésil fut rejetée fermement par Washington. En octobre, les Américains imposèrent un embargo sur les exportations vers Cuba. À La Havane, l'ambassadeur du Canada, Allan Anderson, fit part de ses « inquiétudes concernant le développement d'une situation où le Canada commençait à apparaître comme le « chouchou » tenu en haute estime par le gouvernement cubain ». Les appréhensions d'Anderson étaient bien fondées : en décembre 1960, le ressentiment américain envers les échanges commerciaux grandissants du Canada avec Cuba était élevé.

Comme le précisa Green dans l'avant-propos de son rapport annuel, malgré l'intensification des conflits Est-Ouest partout dans le monde, les événements survenus en 1960 « ne provoquèrent pas une reprise à grande échelle de la guerre froide. Les contacts avec le bloc soviétique, bien que réduits, ne furent pas coupés entièrement ». Les politiciens et les diplomates canadiens s'efforcèrent de garder les canaux de communication ouverts. Peu avant le sommet, le ministre du Commerce, Gordon Churchill, se rendit à Moscou pour signer une prolongation de l'accord commercial de 1955 avec l'URSS, et revint enchanté de l'accueil amical qu'on lui réserva (document 504). Même après l'échec de la conférence de Paris, l'ambassadeur Johnson eut des échanges cordiaux avec les dirigeants soviétiques (documents 505 et 506) au cours desquels il exprima l'espoir canadien d'un élargissement des relations

[2] Arnold Heeney, *The Things that are Caesar's: Memoirs of a Canadian Public Servant*, ed. Brian D. Heeney (Toronto : University of Toronto Press, 1972), pp. 162-163.

Eisenhower asked that Green discuss the matter with American officials at the annual meeting of the Canada-United States Ministerial Committee on Joint Defence, held that year in Montebello, Quebec. The discussions (Documents 302, 586, 587) served only to highlight the differences between American and Canadian appraisals of the situation. Arnold Heeney, Canada's ambassador to the United States, later identified the Montebello meeting as a crucial turning-point in Canada-US relations during the Diefenbaker years.[2] A joint attempt at mediation by Canada, Mexico and Brazil was firmly rejected by Washington. In October, the Americans imposed an embargo on exports to Cuba. From Havana, Canadian ambassador Allan Anderson expressed his "concern over [the] position gradually emerging in which Canada begins to appear as 'the fair haired boy' in high favour with [the] Cuban Government." Anderson's fears were well founded: by December 1960, American resentment of Canada's continued and growing trade with Cuba was high.

As Green pointed out in his foreword to the annual report, despite the intensification of East-West conflicts in all parts of the globe, events during 1960 "fell short of a full-scale revival of the cold war. Contacts with the Soviet bloc, though reduced, were not entirely abandoned." Canadian politicians and diplomats strove to keep channels of communication open. Shortly before the summit, Minister of Trade and Commerce Gordon Churchill travelled to Moscow to sign an extension of the 1955 trade agreement with the USSR, and reported in glowing terms on the friendly reception he received (Document 504). Even after the failure of the Paris conference, Ambassador Johnson had cordial conversations with Soviet leaders (Documents 505, 506), in which he expressed Canada's hope for expanded trade and cultural relations. The issue of Russian-born Canadian citizens who had returned to the USSR and been detained there against their wishes was at least partially resolved.

In a rather ironic contrast, Canada's relations with its chief Western ally, the United States, showed a marked deterioration during 1960. Bilateral political discussions between the two countries were dominated by the issue of nuclear weapons. In Canada, opinions on the matter differed sharply. Green, supported by Under-Secretary of State for External Affairs Norman Robertson, was opposed to the acquisition of nuclear weapons by Canadian forces, while Minister of National Defence George Pearkes and Clerk of the Privy Council Robert Bryce favoured continued close co-operation with the Americans on military matters. In January 1960, diametrically opposing arguments were presented by Bryce and by D. B. Dewar, also of the Privy Council Office. According to Bryce, "prompt action" should be taken, and would be welcomed by the Canadian public (Document 242). Dewar, on the other hand, argued that the country was "going through a period of uncertainty about its defence policy and programmes. This uncertainty has not perhaps reached the point where we could be said to have a crisis about defence policy, but there is not much likelihood that the problem will grow smaller in the coming months and

[2] Arnold Heeney, *The Things that are Caesar's: Memoirs of a Canadian Public Servant*, ed. Brian D. Heeney (Toronto: University of Toronto Press, 1972), pp. 162-63.

commerciales et culturelles avec l'URSS. La question des citoyens canadiens nés en Russie puis revenus en URSS et détenus contre leur volonté fut au moins en partie réglée.

Contraste plutôt ironique, les relations du Canada avec son principal allié occidental, les États-Unis, se détériorèrent de façon notable en 1960. Les discussions politiques bilatérales entre les deux pays furent dominées par la question des armes nucléaires. Au Canada, les avis à ce sujet étaient très partagés. Green, soutenu par le sous-secrétaire d'État aux Affaires extérieures, Norman Robertson, s'opposait à l'acquisition d'armes nucléaires par les forces canadiennes, tandis que le ministre de la Défense nationale, George Pearkes, et le greffier du Conseil privé, Robert Bryce, préconisaient le maintien d'une étroite coopération avec les Américains dans le domaine militaire. En janvier 1960, Bryce et D. B. Dewar, également du Conseil privé, avancèrent des arguments diamétralement opposés. Selon Bryce, « une action rapide » s'imposait et serait bien perçue des Canadiens (document 242). De son côté, Dewar tint les propos suivants : « ...le pays traverse une période d'incertitude quant à sa politique et à ses programmes de défense. Ce flottement n'est peut-être pas majeur au point de nous obliger à parler de crise dans la politique de défense, mais il est très peu probable que le problème aille en s'amenuisant dans les mois et les années à venir. Les doutes et les insatisfactions sont trop marqués pour disparaître rapidement, et les événements à venir pourraient même les amplifier ». Il fit valoir également que « des rédacteurs en chef, des enseignants, des étudiants et des citoyens de différents milieux » estimaient que le gouvernement avait accepté trop facilement « la politique de défense des États-Unis, qualifiée au mieux de stérile, et au pire de provocatrice » (document 304). Diefenbaker, malgré son mépris pour « ces illuminés aux cheveux longs qui prêchent contre la défense nucléaire » (document 110), partageait l'avis de Dewar quant à l'humeur du public. Le premier ministre déclara à Heeney que l'intensification du sentiment anti-américain au Canada l'inquiétait. Ses appréhensions firent l'objet de discussions avec des hauts responsables américains (documents 228-235).

Ces évaluations contradictoires ralentirent considérablement la négociation d'un accord sur le stockage de têtes nucléaires dans les bases occupées à bail par les Américains en territoire canadien. Le texte des notes autorisant la présence d'ogives sur les bases aériennes de Goose Bay et Harmon fut convenu officieusement en juillet. Cependant, l'ébauche de l'accord ne fut pas avalisée par le Cabinet en 1960, malgré l'affirmation catégorique de Pearkes selon qui il était « difficile de justifier tout autre retard » (document 254). Les négociations sur la dotation des forces canadiennes en armes nucléaires devinrent alors encore plus tortueuses. Le 18 janvier, une déclaration publique ambiguë du premier ministre déplut aux Américains, qui se dirent meme « vivement préoccupés » (document 265) par l'absence d'orientation claire dans la politique canadienne. En juin, Pearkes fit remarquer à Diefenbaker que le Canada se trouvait dans la « regrettable situation » de devoir payer pour des missiles BOMARC et Honest John qui coûtaient cher et de n'avoir aucun arrangement lui permettant de les armer avec les ogives nucléaires

years. The doubts and dissatisfactions are too deep to be dispelled quickly and coming events may very well intensify them." He pointed to claims by "editors, teachers, students, and citizens at large" that the Canadian government had too easily accepted "a United States defence policy which is characterized as being sterile at best and provocative at worst" (Document 304). Diefenbaker, despite his contempt for impractical "long-hairs talking in favour of there being no nuclear defences" (Document 110), shared Dewar's assessment of the public mood. The Prime Minister expressed his concerns over growing anti-American sentiment in Canada to Heeney, and these concerns were passed on to and discussed with high American officials (Documents 228-235).

As a result of these contradictory assessments, progress on an agreement concerning the storage of nuclear warheads at leased American bases in Canada was painfully slow. The text of notes authorizing the presence of warheads at Goose Bay and Harmon Air Force Bases was unofficially agreed on in July. But the draft agreement was not endorsed by Cabinet during 1960, despite Pearkes' emphatic assertion that it was "difficult to justify any further delay" (Document 254). Negotiations on nuclear weapons for Canadian forces proved even more tortuous. An ambiguous public statement by the Prime Minister on January 18 left American authorities unsatisfied and indeed "deeply disturbed" (Document 265) by the lack of clear direction in Canadian policy. In June, Pearkes pointed out to Diefenbaker that Canada was being placed in the "unhappy position" (Document 270) of paying for expensive BOMARC and Honest John missiles without any arrangement being put in place to arm them with the required nuclear warheads. It was left to Bryce to finally spur the government into action late in the year. He orchestrated the drafting of a document that allowed Cabinet to authorize negotiations based on the principle of joint control of American nuclear weapons assigned to Canadian units. In late December, Douglas Harkness (who had replaced Pearkes as Minister of National Defence in October) circulated the text of a draft agreement (Document 277). At the same time, however, Green prevailed over his pro-nuclear colleagues when he secured Cabinet's permission for Canada's delegation to the United Nations General Assembly to vote in favour of an Irish resolution against the spread of nuclear weapons (Document 111). Most of the other members of NATO abstained on this vote, but Green wished to give clear proof of Canada's commitment to the cause of disarmament. It was stipulated that if no progress was made on disarmament in the near future, Canada might then acquire nuclear weapons.

Other items on the continental defence and security agenda were also marked by slow progress. In June, Canadian ministers grudgingly approved the staging of a NORAD exercise, Operation Sky Shield. This replaced Operation Sky Hawk, scuttled by Ottawa the previous year. Negotiations began to acquire American interceptor aircraft to replace the ageing CF-100. This issue was fraught with political problems stemming from the Diefenbaker government's controversial cancellation of the Avro Arrow in 1959. The details of a possible agreement finally began to emerge in June, involving the reciprocal purchase of Canadian CL-44 transport planes by the

requises. Finalement, Bryce réussit à faire bouger le gouvernement plus tard dans l'année. Il orchestra la rédaction d'un document qui permit au Cabinet d'autoriser la tenue de négociations sur la base d'un contrôle conjoint des armes nucléaires américaines confiées à des unités canadiennes. À la fin décembre, Douglas Harkness (qui avait remplacé Pearkes comme ministre de la Défense nationale en octobre) fit circuler l'ébauche d'un accord (document 277). En même temps toutefois, Green l'emporta sur ses collègues pro-nucléaire quand il obtint du Cabinet la permission de donner à la délégation du Canada à l'Assemblée générale des Nations Unies instruction de voter en faveur d'une résolution irlandaise contre la prolifération des armes nucléaires (document 111). La plupart des autres membres de l'OTAN s'abstinrent de voter sur cette résolution, mais Green voulut montrer clairement l'engagement du Canada envers le désarmement. Par ailleurs, il fut précisé que si aucun progrès n'était fait en matière de désarmement dans un proche avenir, le Canada pourrait alors acquérir des armes nucléaires.

D'autres éléments du programme de défense et de sécurité continentales avancèrent aussi à pas de tortue. En juin, les ministres canadiens approuvèrent à contrecœur la tenue d'un exercice du Commandement de la défense aérienne de l'Amérique du Nord, appelé Opération Sky Shield. Cet exercice remplaçait l'Opération Sky Hawk à laquelle Ottawa avait mis fin l'année précédente. Les négociations commencèrent en vue de l'acquisition de chasseurs d'interception américains pour remplacer les vieux CF-100. Ce dossier fut alourdi par de nombreux problèmes politiques découlant de la décision controversée du gouvernement Diefenbaker d'annuler le projet du chasseur Avro Arrow, en 1959. Les détails d'un éventuel accord commencèrent finalement à émerger en juin : les États-Unis achèteraient des avions de transport canadiens CL-44, en échange de quoi le Canada acquerrait 66 chasseurs à réaction américains F-101. Lors d'une rencontre avec Eisenhower en septembre, Diefenbaker pressa vivement les Américains d'accepter l'entente. Mais ces derniers la rejetèrent en décembre et suggérèrent plutôt de donner les F-101 au Canada, pourvu que celui-ci prenne à sa charge le réseau radar Pinetree.

Malgré ces débats parfois acrimonieux et des irritants comme la réglementation américaine sur la balance des paiements ainsi que la prédominance des périodiques américains sur le marché canadien, les relations économiques avec les États-Unis pendant l'année 1960 furent marquées, dans l'ensemble, par un esprit de bonne volonté. De retour d'une réunion du Comité canado-américain du commerce et des affaires économiques tenue à Washington en février, le ministre des Finances, Donald Fleming, fit état d'une discussion « franche et amicale », la « meilleure et la plus productive » (document 314) de toutes celles auxquelles il avait participé. La coopération entre les deux pays ne fut jamais aussi évidente que lors des négociations sur l'aménagement du fleuve Columbia. Des contraintes d'espace obligent ici à n'imprimer qu'une infime partie des volumineuses archives à ce sujet. Cependant, les documents du présent volume donnent un aperçu des principaux événements qui contribuèrent à dénouer l'impasse dans les négociations. En juin, le ministre de la

US in exchange for a Canadian purchase of 66 American F-101 fighter jets. During a meeting with Eisenhower in September, Diefenbaker strongly urged American acceptance of the deal. However, the US rejected it in December, suggesting instead that the F-101s be given to Canada in return for the Canadian takeover of the Pinetree radar network.

In contrast to these sometimes acrimonious debates, and in spite of irritants such as new US balance of payments regulations and the dominance of American periodicals in the Canadian market, economic relations with the US during 1960 were, on the whole, marked by a spirit of good will. Returning from the meeting of the Joint Canada-United States Committee on Trade and Economic Affairs, held in Washington in February, Finance Minister Donald Fleming reported on a "frank and friendly" discussion that was "the best and most constructive" (Document 314) of all such meetings he had attended. In no area was Canadian-American co-operation more evident than in the negotiations over the development of the Columbia River. Space limitations allow for the printing of only a small fraction of the voluminous archival records on this subject. The documents in this volume provide an overview of the key events leading to a breakthrough in the formerly deadlocked negotiations. In June, Minister of Justice E. Davie Fulton reported that "no insuperable problem" (Document 344) remained; in September, a progress report was released, outlining the key elements of the treaty signed in January 1961. However, though federal government negotiators in both countries were satisfied, the government of British Columbia remained "consistently suspicious" (Document 351) of Ottawa's actions and intentions.

The Commonwealth remained a key area of Canadian concern during 1960. The prospect that the United Kingdom might join the European Economic Community was distinctly unwelcome to a Conservative government eager to maintain economic as well as emotional ties with the mother country. In June, Canadian officials requested "a firm assurance that the United Kingdom had not embarked on a changed policy and that there would continue to be very close consultation with Canada" (Document 389). After discussions between British Prime Minister Harold Macmillan and West German Chancellor Konrad Adenauer in August, Ottawa was informed that a change in economic relations with Europe was being contemplated, since "[t]he United Kingdom must be economically strong if we are to be able to continue to play our full part in the economic development of the Commonwealth and in trying to maintain world stability." The British intended to "start from the assumption that there is broad agreement among Commonwealth countries that it will be desirable for the United Kingdom to enter into a form of closer association with Europe provided that certain essential requirements can be met" (Document 391). Ottawa's response was that "[t]he United Kingdom should not be left under any illusion that Canada could acquiesce in any arrangements which they make in Europe at the expense of Canada's trade" (Document 392).

Along with this determination to preserve ties with the "Old Commonwealth" went an equally strong, if not stronger, resolve to maintain good relations with the

Justice, E. Davie Fulton, rapporta qu'« aucun problème insurmontable » (document 344) ne demeurait. En septembre, un rapport d'étape fut publié, exposant les grandes lignes du traité qui serait signé en janvier 1961. Cependant, même si les négociateurs des gouvernements fédéraux des deux pays se dirent satisfaits, le gouvernement de la Colombie-Britannique « continuait de se méfier » (document 351) des actions et des intentions d'Ottawa.

Le Commonwealth fut aussi une des grandes préoccupations du Canada tout au long de l'année 1960. La perspective que le Royaume-Uni puisse se joindre à la Communauté économique européenne était très mal vue par un gouvernement conservateur désirant à tout prix maintenir les liens économiques et émotifs avec la mère patrie. En juin, les responsables canadiens demandèrent « l'assurance ferme que le Royaume-Uni n'avait pas changé sa politique et que les consultations très étroites avec le Canada se poursuivraient » (document 389). Après les discussions tenues en août entre le premier ministre britannique Harold Macmillan et le chancelier ouest-allemand Konrad Adenauer, Ottawa fut informé qu'un changement dans les relations économiques avec l'Europe était envisagé, du fait que « le Royaume-Uni devait être solide sur le plan économique s'il entendait continuer de participer pleinement au développement économique du Commonwealth et à la stabilité du monde ». Pour les Britanniques, il fallait « partir de l'hypothèse que les pays du Commonwealth étaient généralement favorables à l'idée que le Royaume-Uni resserre ses liens avec l'Europe, pourvu que certaines conditions essentielles soient respectées » (document 391). À cela, Ottawa répondit que « le Royaume-Uni devait bien se garder de penser que le Canada souscrirait à tout arrangement avec l'Europe qui nuirait à ses intérêts commerciaux » (document 392).

Cette volonté de préserver les liens avec le « vieux Commonwealth » s'accompagna d'une détermination égale, sinon plus marquée, à maintenir de bonnes relations avec le « nouveau Commonwealth ». Dans ce contexte, l'Afrique du Sud, que des émeutes raciales et des actes de violence avaient secouée en début d'année, était au centre des préoccupations du Canada. En mars, George Glazebrook, de la Direction du Commonwealth, écrivit à ce sujet une note dont le but était « lancer discrètement l'idée que le Canada pourrait jouer un rôle politique très visible au sein du Commonwealth » (document 356). En effet, le Canada, suggéra Glazebrook, pourrait rendre service au Commonwealth en général et également, sur le long terme, à l'Afrique du Sud, en mettant la politique de l'apartheid à l'ordre du jour de la réunion des premiers ministres du Commonwealth en mai. Les pourparlers menés à Londres à ce sujet ne donnèrent rien, mais grâce en partie aux efforts de Diefenbaker, le communiqué publié à la fin de la réunion affirma que le Commonwealth était une association multiraciale. En juillet, Bryce signala l'inquiétude des responsables des pays asiatiques et africains du Commonwealth « devant la possibilité d'un schisme entre les « anciens » et les « nouveaux » membres du Commonwealth... sur la question... de l'Afrique du Sud ». Un de ces responsables estima « qu'il serait nettement préférable qu'au moins un des anciens pays membres à majorité blanche se

"New Commonwealth." The focus of Canadian concerns was South Africa, where race riots and violence occurred early in the year. George Glazebrook of the Commonwealth Division wrote a memo on the subject in March, intended "to hint delicately that there is room for an act of high statesmanship within the Commonwealth" by Canada (Document 356). Canada, Glazebrook suggested, could benefit both the Commonwealth as a whole and, in the long term, South Africa itself, by making the policy of apartheid a subject for discussion at the Commonwealth Prime Ministers' meeting in May. The talks in London were inconclusive, but thanks in part to Diefenbaker's efforts, the communiqué issued at the end of the meeting affirmed that the Commonwealth was a multi-racial association. In July, Bryce reported concern among officials of Asian and African Commonwealth countries "at the possibility of a split between the 'old' and the 'new' members ... over ... South Africa." One such official "thought it would be much better if there were at least one old white member on the black new side, and that this made Canada's position of particular importance" (Document 386).

As preparations for the 1961 Prime Ministers' meeting began in the fall of 1960, it became ever more evident that in order to maintain harmony with the "New Commonwealth," Canada might have to oppose the British policy of avoiding any discussion of member countries' internal politics. In November, Diefenbaker stated to Basil Robinson, his liaison with External Affairs, that without some concessions by the South African government on its racial policies, "he could not possibly ... adopt at the next meeting an attitude as tolerant of South Africa as he had before and during the last meeting" (Document 378). Diefenbaker accordingly notified Macmillan of his decision (Document 380). In response, Macmillan sent an impassioned letter, arguing that if South Africa were expelled from the Commonwealth, "[w]e should be condemning the country to further years of apartheid and ever-growing bitterness." Macmillan claimed that Prime Minister Tunku Abdul Rahman Putra of Malaya, who was held in particularly high esteem by Diefenbaker, was "very much alive to the possibly disastrous effect on the whole Commonwealth structure of the beginning of a break-up now" and so would agree not to "force the issue, at any rate for the time being" (Document 382). From London, however, Canadian High Commissioner George Drew sent a different account of the Tunku's views (Document 383). The stage had thus been set for a clash between Canadian and British policies on this issue in 1961.

There were few changes in the Department's senior personnel at home and abroad during 1960. Howard Green and Norman Robertson remained in their posts throughout the year, as did Arnold Heeney in Washington, George Drew in London, Pierre Dupuy in Paris, Chester Ronning in New Delhi, Escott Reid in Bonn, Jules Léger at NATO headquarters in Paris, and Charles Ritchie at the United Nations. David Johnson left Moscow in November, and was replaced by Arnold Smith in January 1961. In Ottawa, George Glazebrook and George Ignatieff joined A. E. Ritchie and E. W. T. Gill as assistant under-secretaries. Marcel Cadieux was appointed deputy under-secretary, a post left vacant by the departure of R. M.

retrouve du côté des nouveaux pays membres à majorité noire, et que cela rendait la position du Canada particulièrement importante » (document 386).

Les préparatifs de la réunion des premiers ministres de 1961 s'amorcèrent à l'automne 1960. Il devint alors encore plus évident que pour maintenir l'harmonie au sein du « nouveau Commonwealth », le Canada pourrait devoir s'opposer à la politique britannique voulant qu'on évite toute discussion sur les affaires internes d'un pays membre. En novembre, Diefenbaker déclara à Basil Robinson, son agent de liaison aux Affaires extérieures, que si l'Afrique du Sud ne donnait pas un peu de lest dans ses politiques raciales, « il ne pourrait pas... adopter à la prochaine réunion une attitude aussi tolérante qu'avant et pendant la dernière » (document 378). Diefenbaker avisa Macmillan en conséquence (document 380). Dans sa lettre en réponse, ce dernier livra un vibrant plaidoyer, faisant valoir que si l'Afrique du Sud était expulsée du Commonwealth, « nous la condamnerons à de nombreuses autres années d'apartheid et à une rancœur qui ira s'amplifiant ». Macmillan affirma que le premier ministre de la Malaisie, Tunku Abdul Rahman Putra, tenu en assez haute estime par Diefenbaker, était « très conscient des incidences désastreuses que tout signe de rupture, maintenant, pourrait avoir sur la structure globale du Commonwealth » et qu'il était d'accord « pour ne pas insister sur la question, du moins pour le moment » (document 382). De Londres cependant, le haut-commissaire du Canada, George Drew, donna un tout autre son de cloche quant aux vues de Tunku (document 383). La table était donc mise pour un heurt entre les politiques canadienne et britannique sur cette question en 1961.

L'année 1960 fut marquée par peu de changements au niveau de la haute direction du Ministère, au pays et à l'étranger. Howard Green et Norman Robertson restèrent en poste pendant toute l'année, tout comme Arnold Heeney à Washington, George Drew à Londres, Pierre Dupuy à Paris, Chester Ronning à New Delhi, Escott Reid à Bonn, Jules Léger au siège de l'OTAN à Paris, et Charles Ritchie aux Nations Unies. David Johnson quitta Moscou en novembre et fut remplacé par Arnold Smith en janvier 1961. À Ottawa, George Glazebrook et George Ignatieff se joignirent à A. E. Ritchie et E. W. T. Gill à titre de sous-secrétaires adjoints. Marcel Cadieux fut nommé sous-secrétaire suppléant, un poste devenu vacant avec le départ de R. M. Macdonnell en 1959. John Holmes quitta le ministère des Affaires extérieures à la fin de l'année. Au Cabinet, George Hees remplaça Gordon Churchill en tant que ministre du Commerce, tandis que Douglas Harkness succéda à George Pearkes comme ministre de la Défense nationale. Ces deux nominations furent faites en octobre 1960. Ellen Fairclough et Donald Fleming conservèrent leurs portefeuilles en tant que ministre de la Citoyenneté et de l'Immigration et ministre des Finances.

La plupart des documents reproduits dans le présent volume proviennent des archives du ministère des Affaires extérieures et des dossiers personnels du premier ministre Diefenbaker, qui sont conservés au Diefenbaker Canada Centre, à Saskatoon. Les autres sont tirés des dossiers du Bureau du Conseil privé, du ministère des Finances, du ministère du Commerce, du ministère de la Citoyenneté et de

Macdonnell in 1959. John Holmes left the Department of External Affairs at the end of the year. At the Cabinet level, George Hees replaced Gordon Churchill as Minister of Trade and Commerce, while Douglas Harkness took up the post of Minister of National Defence in place of George Pearkes. Both these appointments were made in October 1960. Ellen Fairclough and Donald Fleming retained their portfolios as Minister of Citizenship and Immigration and Minister of Finance.

Documents in this volume were selected primarily from the records of the Department of External Affairs and the personal files of Prime Minister Diefenbaker, held at the Diefenbaker Canada Centre in Saskatoon. Additional documents were chosen from the files of the Privy Council Office, the Department of Finance, the Department of Trade and Commerce, and the Department of Citizenship and Immigration, as well as from the private papers of Cabinet ministers and senior government officials. In preparing the volume, researchers were given unrestricted access to the files of the Department of External Affairs and generous access to other collections. A complete list of the archival sources consulted to prepare this volume is found on page xxix.

The selection of documents for Volume 27 has been guided by the general principles outlined in the Introduction to Volume 7 (pp. ix-xi), as amended in the Introduction to Volume 20 (p. xxiii). The series continues to attempt to provide a self-contained record of the major foreign policy decisions taken by the Government of Canada, by concentrating on Canada's most important bilateral and multilateral relationships and on the major international issues that directly involved Cabinet members and senior bureaucrats in substantive policy decisions. Some passages and names have been omitted in accordance with the provisions of the Access to Information Act and the Privacy Act. These deletions are indicated in the documents.

The editorial apparatus employed in this volume remains identical to that described in the Introduction to Volume 9 (p. xix). A dagger (†) indicates a document that is not printed. Editorial excisions are shown by an ellipsis (...). The phrase "group corrupt" indicates decryption problems in the transmission of the original telegram. Words and passages that were struck out by the author, marginal notes, and distribution lists are reproduced as footnotes only when important. Unless otherwise indicated, it is assumed that documents have been read by the intended recipient. Proper and place names are standardized. The editor has silently corrected spelling, capitalization, and punctuation. All other editorial additions to the documents are indicated by the use of square brackets. Documents are reprinted in either English or French, depending on their original language.

In carrying out the research for this volume, I had the able assistance of Jennifer Anderson, Alexandra Clark, Dr. John Clearwater, Virginia Miller, and Dr. Jeff Noakes. Dr. Michael Stevenson did a substantial part of the editorial work for Chapter III, and prepared the index. As always, staff at Library and Archives Canada gave invaluable help and advice, as did Rob Paul at the Diefenbaker Centre. Ciuineas Boyle and Herb Barrett facilitated access to Privy Council Office records. Aline Gélineau typed and formatted the manuscript with her usual efficiency and attention

l'Immigration ainsi que des archives privées des ministres du Cabinet et des hauts fonctionnaires. Pour la préparation du présent volume, les chercheurs ont eu libre accès aux dossiers du ministère des Affaires extérieures et un accès généreux à ceux des autres collections. La liste complète des documents consultés pour la préparation du présent volume figure à la page xxix.

Le choix des documents du volume 27 s'inspire des principes généraux énoncés dans l'introduction du volume 7 (pp. ix-ix), et modifiés dans l'introduction du volume 20 (p. xxiii). Les volumes de cette série visent à rendre compte, dans une même collection, des grandes décisions prises par le gouvernement du Canada en matière de politique étrangère, en mettant l'accent sur les relations bilatérales et multilatérales les plus importantes ainsi que sur les grands dossiers de la politique internationale à l'égard desquels les membres du Cabinet et les hauts responsables ont été amenés à prendre des décisions de fond. Certains passages et noms ont été omis de façon à respecter les dispositions de la *Loi sur l'accès à l'information* et de la *Loi sur la protection des renseignements personnels*. Ces suppressions sont signalées dans le texte.

Les signes typographiques sont les mêmes que ceux décrits dans l'introduction du volume 9 (p. xix). Une croix (†) indique un document qui n'est pas imprimé. Les suppressions éditoriales sont signalées par une ellipse (...). L'expression « groupe corrompu » signale des problèmes de décryptage dans la transmission du télégramme original. Les mots et passages barrés par l'auteur, les notes dans la marge et les listes de destinataires sont indiqués en bas de page uniquement quand ils sont importants. Sauf indication contraire, on tient pour acquis que les documents ont été lus par leur destinataire. Les noms propres et le nom des lieux ont été uniformisés. Le rédacteur a corrigé les fautes d'orthographe, de majuscule et de ponctuation. Tous les autres ajouts rédactionnels sont indiqués par des crochets. Les documents sont reproduits en anglais ou en français, selon la langue originale.

Jennifer Anderson, Alexandra Clark, John Clearwater, Virginia Miller et Jeff Noakes ont facilité grandement mes recherches pour ce volume. Michael Stevenson a fait une bonne partie du travail de révision pour le Chapitre III et a préparé l'index. Comme toujours, l'aide et les conseils prodigués par le personnel de Bibliothèque et Archives Canada ont été extrêmement précieux. Ce fut le cas aussi pour Rob Paul du Diefenbaker Canada Centre. Ciuineas Boyle et Herb Barrett ont facilité l'accès aux archives du Bureau du Conseil privé. Le manuscrit a été tapé et mis en forme par Aline Gélineau, avec son efficacité et sa minutie habituelles. Gail Kirkpatrick Devlin s'est chargée de la relecture de l'ensemble du manuscrit et a dressé la liste des personnes, avec l'aide de Christopher Cook. Le service du Bureau de la traduction d'Affaires étrangères et Commerce international Canada a produit le texte français des notes de bas de page, des légendes et autres textes complémentaires.

Greg Donaghy, le rédacteur en chef de la série, a lu l'ensemble du manuscrit et a formulé de nombreux commentaires constructifs. Mes autres collègues de la Section historique, Hector Mackenzie et Mary Halloran, ont tous deux apporté leur concours

to detail. Gail Kirkpatrick Devlin produced the list of persons and proofread the volume, with the assistance of Christopher Cook. The Translation Bureau at Foreign Affairs and International Trade Canada provided the French versions of footnotes and other ancillary texts.

Dr. Greg Donaghy, the general editor of the series, read the manuscript in its entirety, and offered many constructive suggestions. My other colleagues in the Historical Section, Dr. Hector Mackenzie and Mary Halloran, provided support and advice. The series would not be possible without the support of Ariel Delouya, the director of the Policy Research Divison. I remain solely responsible for the final selection of documents.

Finally, I would like to thank my son, Ben Cavell, for his humour and positive attitude during a year that we will both remember.

JANICE CAVELL

et fourni des conseils. Enfin, la publication de cette série ne serait pas possible sans le soutien d'Ariel Delouya, directeur de la Recherche sur les politiques. La responsabilité du choix des documents m'incombe entièrement.

Enfin, je voudrais remercier mon fils, Ben Cavell, pour son humour et son attitude positive pendant cette année dont nous allons tous deux nous souvenir.

JANICE CAVELL

PROVENANCE DES DOCUMENTS[1]
LOCATION OF DOCUMENTS[1]

Documents de A.D.P. Heeney, Bibliothèque et Archives Canada (MG 30 E-144)	A.D.P.H.	A.D.P. Heeney Papers, Library and Archives Canada (MG 30 E-144)
Dossiers de l'ambassade du Canada à Washington, Bibliothèque et Archives Canada (RG 25 B-2)	CEW	Canadian Embassy, Washington, Files, Library and Archives Canada (RG 25 B-2)
Dossiers du ministère des Affaires extérieures, Bibliothèque et Archives Canada (RG 25)	DEA	Department of External Affairs Files, Library and Archives Canada (RG 25)
Dossiers du ministère des Finances, Bibliothèque et Archives Canada (RG 19)	DF	Department of Finance Files, Library and Archives Canada (RG 19)
Dossiers du ministère de la Citoyenneté et de l'Immigration, Bibliothèque et Archives Canada (RG 76)	DCI	Department of Citizenship and Immigration Files, Library and Archives Canada (RG 76)
Documents de Donald Fleming, Bibliothèque et Archives Canada (MG 32 B-9)	D.M.F.	Donald Fleming Papers, Library and Archives Canada, (MG 32 B-9)
Dossiers du ministère du Commerce, Bibliothèque et Archives Canada (RG 20)	DTC	Department of Trade and Commerce Files, Library and Archives Canada (RG 20)
Documents de Escott Reid Bibliothèque et Archives Canada (MG 31 E-46)	E.R.	Escott Reid Papers Library and Archives Canada (MG 31 E-46)
Documents de H. Basil Robinson Bibliothèque et Archives Canada (MG 31 E-83)	H.B.R.	H. Basil Robinson Papers Library and Archives Canada (MG 31 E-83)
Documents de Howard Green Bibliothèque et Archives Canada (MG 32 B-13)	H.C.G.	Howard Green Papers Library and Archives Canada (MG 32 B-13)
Documents de John Diefenbaker Centre Diefenbaker (le numéro du dossier suit le numéro de la série)	J.G.D/Series #	John Diefenbaker Papers Diefenbaker Centre (the file Number follows the series number)
Bureau du conseil privé, conclusions du Cabinet et documents du Cabinet, Bibliothèque et Archives Canada (RG 2)	PCO	Privy Council Office, Cabinet Conclusions and Cabinet Documents, Library and Archives Canada (RG 2)
Autres documents des archives du BCP, Bibliothèque et Archives Canada (RG 2)	PCO/Vol. #	Other documents from PCO records, Library and Archives Canada (RG 2)

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[1] Ceci est une liste des symboles utilisés pour indiquer la provenance des documents. Les cotes des collections déposées à la Bibliothèque et Archives Canada sont entre parenthèses.
This is a list of the symbols used to indicate the location of documents. The call numbers of collections deposited at the Library and Archives Canada are in parentheses.

LISTE DES ABRÉVIATIONS
LIST OF ABBREVIATIONS

ADSID	Air Defence System Integration Division
AECL	Atomic Energy of Canada Limited
ALCANUS	Alaska, Canada, United States
ANC	Armée Nationale Congolaise (Congo)
AOT	Associated Overseas Territories
AP	Associated Press
AWX	All Weather Fighter
BANCEC	Banco Para El Comercio Exterior de Cuba
BMEWS	Ballistic Missile Early Warning System
BOMARC	Boeing Michigan Aeronautical Research Center
CADIN	Continental Air Defence Integration North
CANDEL	Canadian Delegation
CANDU	Canada Deuterium Uranium
CAP	Common Agricultural Policy
CAS	Chief of the Air Staff
CCF	Co-Operative Commonwealth Federation
CCOS	Chairman, Chiefs of Staff
CECC	Commonwealth Economic Consultative Council
CENTO	Central Treaty Organization
CFA	Cease Fire Agreement
CGE	Canadian General Electric
CGS	Chief of the General Staff
C.I.F	Cost, Insurance and Freight
CINCNORAD	Commander-in-Chief of the North American Aerospace Defense Command
CIR	Canada-India Reactor
COCOM	Coordinating Committee for Multilateral Export Controls
CPA	Canadian Pacific Airlines
DAG	Development Assistance Group
DAI	Director of Air Intelligence
DDP	Department of Defence Production
DDR	Deutsche Demokratische Republik
DEA	Department of External Affairs
DEW	Distant Early Warning
DISARMDEL	Disarmament Delegation
DL	Defence Liaison
DM/DND	Deputy Minister of Department of National Defence
DMI	Director of Military Intelligence
DND	Department of National Defence
DNI	Director of Naval Intelligence
DRVN/RDVN	Democratic Republic of Vietnam/République démocratique du Viêt Nam
DZ	Demilitarized Zone
EAO	External Aid Office
ECM	Electronic Counter Measures
ECLA	Economic Commission for Latin America
ECSC	European Coal and Steel Community
EEC	European Economic Community
EFTA	European Free Trade Association
EMA	European Monetary Agreement
ENEA	Ente Nazionale per l'Energia Atomica (National Agency for Atomic Energy, Italy)
EPA	European Productivity Agency
EPTA	Expanded Programme of Technical Assistance
EURATOM	European Atomic Energy Community
FAC	Foreign Assets Control (United States)
FAMA	Foundation for Mutual Assistance in Africa South of the Sahara
FAO	Food and Agriculture Organization, UN

FLN	Front de libération nationale (National Liberation Front, Algeria)
F.O.B.	Free on Board
FTA	Free Trade Area
GATT	General Agreement on Tariffs and Trade
GNP	Gross National Product
GPRA	Gouvernement provisoire de la République Algérienne (Provisional Government of the Algerian Republic, Algeria)
IAEA	International Atomic Energy Agency
IBRD	International Bank for Reconstruction and Development
ICA	International Cooperation Administration
ICAO	International Civil Aviation Organization
ICC	International Control Commission
ICSC	International Commission for Supervision and Control
ICBM	Intercontinental Ballistic Missile
IDA	International Development Association
IDF	Interceptor Day Fighter
IJC	International Joint Commission
IMF	International Monetary Fund
INRA	Instituto Nacional de Reforma Agraria (National Institute of Agrarian Reform, Cuba)
IRBM	Intermediate-Range Ballistic Missile
JAG	Judge Advocate General
LAFTA	Latin American Free Trade Agreement
MAAG	Military Assistance Advisory Group (United States)
MAFF	Ministry of Agriculture, Fisheries and Food (United Kingdom)
MAP-OSP	Military Assistance Progress Offshore Procurement
MC	Memorandum to Cabinet
MDAP	Mutual Defense Aid Program
MFN	Most Favoured Nation
MIDAS	Missile Defense Alarm System
MIN/ND	Minister of Department of National Defence
MP	Member of Parliament
MRBM	Medium Range Ballistic Missiles
MRP	Mouvement républicain populaire (Popular Republican Movement, France)
NASA	National Aeronautics and Space Administration (United States)
NATO	North Atlantic Treaty Organization
NCO	Non-Commissioned Officer
NLH	Neo Lao Haksat (Laos)
NORAD	North American Air Defence Command
NPD	Nuclear Power Demonstration
NZ	New Zealand
OAS/OEA	Organization of American States/Organización de Estados Americanos
OASD/ISA	Office of the Assistant Secretary of Defense for International Security Affairs
OECD	Organisation for Economic Co-Operation and Development
OEEC	Organisation for European Economic Co-Operation
ONUC	UN Military Operations in the Congo
OSTP	Office for Scientific and Technical Personnel (OEEC)
OTT	Ottawa
PAVN	People's Army of Vietnam
PCO	Privy Council Office
PJBD	Permanent Joint Board on Defence
PL	Pathet Lao
PM	Prime Minister
QR	Quantitative Restriction
RCAF	Royal Canadian Air Force
RCMP	Royal Canadian Mounted Police
RCN	Royal Canadian Navy

RLG	Royal Laotian Government (Laos)
SAC	Strategic Air Command (United States)
SACEUR	Supreme Allied Commander, Europe (Nato)
SACLANT	Supreme Allied Commander, Atlantic (Nato)
SAGE	Semi-Automatic Ground Environment
SAMOCS	Satellite and Missile Observation Satellite
SCAAP	Special Commonwealth African Assistance Programme
SEATO	Southeast Asia Treaty Organization
SHAPE	Supreme Headquarters, Allied Powers, Europe (Nato)
SSEA	Secretary of State for External Affairs
SVN	South Vietnam
T&C	Trade and Commerce, Department of
TACAN	Tactical Air Navigation
TERM	Temporary Equipment Recovery Commission (United States)
UAR	United Arab Republic
UHF	Ultra High Frequency
UK	United Kingdom
UN	United Nations
UNCLOS	United Nations Conferences on the Law of the Sea
UNEF	United Nations Emergency Force
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNGA	United Nations General Assembly
UNO	United Nations Organization
UNOC	United Nations Organization Congo
UNR	Union for the New Republic (France)
UNRWA	United Nations Relief and Works Agency for Palestine Refugees
UNTSO	United Nations Truce Supervision Organization
UPI	United Press International
US/USA	United States (of America)
USAF	United States Air Force
USN	United States Navy
USRAF	L'union pour le salut et le renouveau de l'Algérie française (Union for the Safety and the Revival of French Algeria, Algeria)
USS	United States Ship
USSR/URSS	Union of Soviet Socialist Republics/Union des républiques socialistes soviétiques/ Unión de Repúblicas Socialistas Soviéticas
VHF	Very High Frequency
WEU	Western European Union
WHO	World Health Organization

LISTE DES PERSONNALITÉS
LIST OF PERSONS

ABBAS, Ferhat, président, Gouvernement provisoire de la République algérienne.

ABBAS, Ferhat, President, Provisional Government of the Algerian Republic.

ABDUL RAHMAN PUTRA, Tunku, premier ministre et ministre des Affaires extérieures de Malaisie.

ABDUL RAHMAN PUTRA, Tunku, Prime Minister and Minister of External Affairs of Malaya.

ABUBAKAR, Sir Tafawa Balewa, premier ministre du Nigéria.

ABUBAKAR, Sir Tafawa Balewa, Prime Minister of Nigeria.

ACHILLES, Theodore, conseiller, département d'État des États-Unis.

ACHILLES, Theodore, Counsellor, Department of State of United States.

ADAIR, Charles W., secrétaire adjoint par intérim des Affaires économiques, département d'État des États-Unis.

ADAIR, Charles W., Acting Assistant Secretary for Economic Affairs, Department of State of United States.

ADENAUER, Konrad, chancelier de la République fédérale d'Allemagne.

ADENAUER, Konrad, Chancellor of Federal Republic of Germany.

ADU-BOAHEN, professeur Albert, représentant du Ghana au sein du Groupe d'étude du Commonwealth.

ADU-BOAHEN, Professor Albert, Representative of Ghana on Commonwealth Study Group.

ALEXANDER, maj.-gén. H.T., commandant britannique, Académie militaire du Ghana.

ALEXANDER, Maj.-Gen. H.T., British Commander, Ghana Military Academy.

ALLFREY, Phyllis Baym Shand, ministre du Travail et des Affaires sociales des Antilles.

ALLFREY, Phyllis Baym Shand, Minister of Labour and Social Affairs of The West Indies.

ALPHAND, Hervé, ambassadeur de France aux États-Unis.

ALPHAND, Hervé, Ambassador of France in United States.

ALSOGARAY, Alvaro, ministre d'Économie de l'Argentine.

ALSOGARAY, Alvaro, Minister of Economics of Argentina.

ALVARADO, Dr. Luis, premier ministre ad intérim du Pérou.

ALVARADO, Dr. Luis, Prime Minister ad interim of Peru.

ANDERSON, Alan C., ambassadeur à Cuba.

ANDERSON, Alan C., Ambassador in Cuba.

ANDERSON, Daniel V., directeur, Bureau des Affaires de l'Asie du Sud-Est, département d'État des États-Unis.

ANDERSON, Daniel V., Director, Office of Southeast Asian Affairs, Department of State of United States.

ANDERSON, Robert B., secrétaire au Trésor des États-Unis.

ANDERSON, Robert B., Secretary of the Treasury of United States.

ANDREW, Arthur J., Direction européenne.

ANDREW, Arthur J., European Division.

ANSARI, Dr. S. S., commissaire indien et président, CISC, Vietnam (-sept. 1960).

ANSARI, Dr. S. S., Indian Commisioner and Chairman, ICSC, Vietnam (-Sept. 1960).

ARBENZ GUZMAN, Jacobo, ancien président du Guatemala.

ARBENZ GUZMAN, Jacobo, former President of Guatemala.

AREVALO, Juan José, ancien président du Guatemala.

AREVALO, Juan José, former President of Guatemala.

ARGUE, Hazen, député, (FCC - Assiniboia); chef par intérim du Parti FCC.

ARGUE, Hazen, MP, (CCF - Assiniboia); interim leader of CCF Party.

ARMSTRONG, Willis C., conseiller économique de l'ambassade des États-Unis.

ARMSTRONG, Willis C., Economic Counsellor, Embassy of United States.

AROUTUNIAN, Amasap A., ambassadeur de l'Union soviétique.

AROUTUNIAN, Amasasp A., Ambassador of Soviet Union.

AVEROFF, Evangelos, ministre des Affaires étrangères de la Grèce.

AYOUB (AYUB) KHAN, Mohammad, président du Pakistan.

BALCER, Léon, procureur-général (-déc. 1960); ministre des Transports.

BARRETTE, Antonio, premier ministre du Québec (jan. - juill. 1960).

BARROW, B.G., ministère du Commerce.

BARTON, W.H., chef, 1ère Direction de liaison avec la Défense.

BASSETT, E.W., British Columbia Forestry Services, membre de la délégation canadienne lors des négociations relatives au Traité du fleuve Columbia.

BATISTA, Fulgencio, ancien président de Cuba.

BEAULIEU, Paul, ambassadeur au Liban.

BEAULNE, Yvon, chef, Direction de l'Amérique latine.

BÉDARD, Charles, Direction juridique.

BELL, W/C J.F.M., attaché de l'Armée de l'air, ambassade en Argentine.

BEN GURION, David, premier ministre et ministre de la Défense de l'Israël.

BENDER, Albert F., conseiller principal des États-Unis au Cinquième Comité de l'Assemblée générale des Nations Unies.

BENNETT, E.F., président de la délégation des États-Unis lors des négociations relatives au Traité du fleuve Columbia.

BENNETT, W.A.C., premier ministre et ministre des Finances de la Colombie-Britannique.

BENSON, Ezra Taft, secrétaire à l'Agriculture des États-Unis.

BERTHIAUME, lieut.-col. Philip, commandant du Contingent canadien au Congo.

BETANCOURT, Romulo, président du Venezuela.

BHABHA, Dr. Homi J., président, Atomic Energy Commission of India et secrétaire, ministère de l'Énergie atomique de l'Inde.

BISHOP, brig.-gén. R.M., DGPO, commandant du Contingent canadien au Congo.

BLACK, Eugene, président de la Banque internationale pour la reconstruction et le développement.

AVEROFF, Evangelos, Minister of Foreign Affairs of Greece.

AYOUB (AYUB) KHAN, Mohammad, President of Pakistan.

BALCER, Léon, Solicitor-General (-Dec. 1960); Minister of Transport.

BARRETTE, Antonio, Premier of Quebec (Jan. - July 1960).

BARROW, B.G., Department of Trade and Commerce.

BARTON, W.H., Head, Defence Liaison (1) Division.

BASSETT, E.W., British Columbia Forestry Services and Canadian delegation to Columbia River Negotiations.

BATISTA, Fulgencio, former President of Cuba.

BEAULIEU, Paul, Ambassador in Lebanon.

BEAULNE, Yvon, Head, Latin American Division.

BÉDARD, Charles, Legal Division.

BELL, W/C J.F.M., Air Attaché, Embassy in Argentina.

BEN GURION, David, Prime Minister and Minister of Defence of Israel.

BENDER, Albert F., Chief United States Advisor to Fifth Committee of United Nations General Assembly.

BENNETT, E.F., Chair, Delegation of United States to Columbia River Negotiations.

BENNETT, W.A.C., Premier and Minister of Finance of British Columbia.

BENSON, Ezra Taft, Secretary of Agriculture of United States.

BERTHIAUME, Lt.-Col. Philip, Commander, Canadian contingent in Congo.

BETANCOURT, Romulo, President of Venezuela.

BHABHA, Dr. Homi J., Chairman, Atomic Energy Commission of India and Secretary, Department of Atomic Energy of India.

BISHOP, Brig.-Gen. R.M., DGPO, Canadian contingent in Congo.

BLACK, Eugene, President, International Bank for Reconstruction and Development.

BLANCHETTE, Arthur, direction de la Coordination politique.

BLANCHETTE, Arthur, Policy Coordination Division.

BOBKOV, L., consul, ambassade de l'Union soviétique.

BOBKOV, L., Consul, Embassy of Soviet Union.

BOHLEN, Charles, adjoint spécial au secrétaire d'État des États-Unis.

BOHLEN, Charles, Special Assistant to Secretary of State of United States.

BOLAND, Frederick, représentant permanent de l'Irlande auprès des Nations Unies.

BOLAND, Frederick, Permanent Representative of Ireland to United Nations.

BOMBOKO, Justin Marie, ministre des Affaires étrangères du Congo (oct. 1960-).

BOMBOKO, Justin Marie, Minister of Foreign Affairs of Congo (Oct. 1960-).

BONNER, R.W., solliciteur-général de la Colombie-Britannique.

BONNER, R.W., Attorney-General of British Columbia.

BONSAL, Philip, ambassadeur des États-Unis à Cuba.

BONSAL, Philip, Ambassador of United States in Cuba.

BOURGUIBA, Habib, président de la Tunisie.

BOURGUIBA, Habib, President of Tunisia.

BOWER, Richard P., ambassadeur en Argentine.

BOWER, Richard P., Ambassador in Argentina.

BOWIE, Robert, représentant des États-Unis, Groupe de travail sur l'avenir de l'OTAN.

BOWIE, Robert, United States representative, Task Force on Future of NATO

BOWLES, Chester, (D - Connecticut); ancien ambassadeur des États-Unis en Inde.

BOWLES, Chester, (D - Connecticut); former Ambassador of United States in India.

BRANSCOMBE, Ralph, Direction européenne.

BRANSCOMBE, Ralph, European Division.

BREAUX, Clarence T., directeur, Direction de Défense économique, département d'État des États-Unis.

BREAUX, Clarence T., Economic Defense Division, Department of State of United States.

BREZHNEV, Leonid, président, Praesidium du Soviet suprême de l'Union soviétique.

BREZHNEV, Leonid, Chairman, Praesidium of Supreme Soviet, of Soviet Union.

BROOK, sir Norman, secrétaire du Cabinet du Royaume-Uni.

BROOK, Sir Norman, Secretary to Cabinet of United Kingdom.

BROWN, Gordon, premier secrétaire, haut-commissariat en Afrique du Sud.

BROWN, Gordon, First Secretary, High Commission in South Africa.

BROWN, sir Allen, secrétaire du Cabinet de l'Australie.

BROWN, Sir Allen, Secretary to Cabinet of Australia.

BROWN, Winthrop, ministre, ambassade des États-Unis en Inde; ambassadeur au Laos.

BROWN, Winthrop, Minister, Embassy of United States in India; Ambassador in Laos.

BRUCE, David K., ancien abasssadeur des États-Unis en République fédérale d'Allemagne.

BRUCE, David K., former Ambassador of United States in Federal Republic of Germany.

BRYCE, R.B., greffier du Conseil privé et secrétaire du Cabinet.

BRYCE, R.B., Clerk of Privy Council and Secretary to Cabinet.

BULL, W. F., ambassadeur au Japon.

BULL, W. F., Ambassador in Japan.

BUNCHE, Dr. Ralph, secrétaire général adjoint des Nations Unies pour les affaires politiques spéciales.

BUNCHE, Dr. Ralph, Under Secretary-General of United Nations for Special Political Affairs.

BUNKER, Elsworth, ambassadeur des États-Unis en Inde.

BUNKER, Elsworth, Ambassador of United States in India.

BURDETT, William C., directeur, Bureau des Affaires du Commonwealth britannique et d'Europe nord, département d'État des États-Unis.

BURDETT, William C., Director, Bureau of British Commonwealth and Northern European Affairs, Department of State of United States.

BURGESS, Harrison W., agent responsable des Affaires canadiennes, Bureau des Affaires du Commonwealth britannique et d'Europe nord, département d'État des États-Unis.

BURGESS, Harrison W., Officer in Charge of Canadian Affairs, Bureau of British Commonwealth and Northern European Affairs, Department of State of United States.

BURGESS, W. Randolph, représentant permanent des États-Unis auprès du Conseil de l'Atlantique Nord.

BURGESS, W. Randolph, Permanent Representative of United States to North Atlantic Council.

BURNS, lieut.-gén. E.L.M., conseiller du Gouvernement canadien en matière du désarmement.

BURNS, Lt.-Gen. E.L.M., Advisor to Government of Canada on Disarmament.

BURNS, T.M., première secrétaire (commercial), ambassade aux États-Unis.

BURNS, T.M., First Secretary (Commercial), Embassy in United States.

BURWASH, Dorothy, 1ère Direction économique.

BURWASH, Dorothy, Economic (1) Division.

BUSH, sénateur Prescott, (R- Connecticut).

BUSH, Senator Prescott, (R- Connecticut).

BUTLER, Keith S., premier secrétaire, Foreign Office du Royaume-Uni.

BUTLER, Keith S., First Secretary, Foreign Office of United Kingdom.

CABOT LODGE, Henry, ancien représentant permanent des États-Unis auprès des Nations Unis.

CABOT LODGE, Henry, former Permanent Representative of United States to United Nations.

CADIEUX, Marcel, sous-secrétaire d'État adjoint aux Affaires extérieures et conseiller juridique.

CADIEUX, Marcel, Assistant Under-Secretary of State for External Affairs and Legal Advisor.

CAMPBELL, maréchal de l'air H.L., chef d'état-major de la Force aérienne.

CAMPBELL, Air Marshal H.L., Chief of Air Staff.

CAMPBELL, Ross, adjoint spécial, Bureau du secrétaire d'État aux Affaires extérieures.

CAMPBELL, Ross, Special Assistant, Office of Secretary of State for External Affairs.

CAMPBELL-SMITH, R., directeur, Direction générale des Relations commerciales internationales du ministère du Commerce.

CAMPBELL-SMITH, R., Director, International Trade Relations Branch, Department of Trade and Commerce.

CAMPOS ORTIZ, Pablo, sous-secrétaire suppléant des Affaires étrangères du Mexique.

CAMPOS ORTIZ, Pablo, Deputy Under-Secretary of Foreign Affairs of Mexico.

CARLSON, Delmar R., agent responsable des Affaires canadiennes, Bureau des Affaires du Commonwealth britannique et d'Europe nord, département d'État des États-Unis.

CARLSON, Delmar R., Officer in Charge of Canadian affairs, Bureau of British Commonwealth and Northern European Affairs, Department of State of United States.

CARSTENS, Karl, secrétaire d'État, ministère des Affaires étrangères de la République fédérale d'Allemagne.

CARSTENS, Karl, Secretary of State, Ministry of Foreign Affairs of Federal Republic of Germany.

CASEY, Richard G., ministre des Affaires extérieures de l'Australie.

CASEY, Richard G., Minister of External Affairs of Australia.

CASTILLO ARMAS, col. Carlos, président du Guatemala.

CASTILLO ARMAS, Col. Carlos, President of Guatemala.

Castro, Fidel, premier ministre de Cuba.

CASTRO, Fidel, Prime Minister of Cuba.

CASTRO, Raul, ministre de la Défense de Cuba.

CASTRO, Raul, Minister of Defense of Cuba.

CHADWICK, John, Office des Relations avec le Commonwealth du Royaume-Uni.

CHADWICK, John, Commonwealth Relations Office of United Kingdom.

CHALLE, général Maurice, commandant en chef des Forces françaises en Algérie.

CHALLE, General Maurice, Commander, French Corps in Algeria.

CHAPDELAINE, Jean, ambassadeur au Brésil.

CHAPDELAINE, Jean, Ambassador in Brazil.

CHAPPELL, Norman, attaché à la Production pour la défense, ambassade aux États-Unis.

CHARPENTIER, Pierre, ambassadeur de la France au Congo.

CHEVRIER, Lionel, député, (Lib. - Laurier).

VOIR TCHANG KAI-CHEK.

CHOQUETTE, Guy, Direction de l'Amérique latine.

CHURCHILL, Gordon M., ministre du Commerce (-déc. 1960); ministre des Affaires des Anciens combattants.

CLAPPIER, Bernard, sous-gouverneur de la Banque de France et membre du Groupe des quatre chargé de transformer l'OECE en OCDE.

CLEVELAND, J.H., chef, Direction de l'Amérique.

CLUTTERBUCK, sir Alexander, ancien haut-commissaire du Royaume-Uni.

COLDWELL, M.J., ancien député et chef du Parti FCC.

COLINA, Rafael de la, ambassadeur du Mexique.

COLLINS, John, chanoine de la Cathédrale Saint-Paul de Londres, et activiste anti-apartheid.

COLLINS, R.E., chef, Direction du Moyen-Orient.

COMAROW, Murray, conseiller juridique, Armée de l'air des États-Unis.

COORAY, senateur Edmund J., ministre de la Justice du Ceylan.

CORDIER, Andrew, adjoint exécutif au secrétaire-général des Nations Unis.

CORNETT, D.M., Direction de l'Extrême-Orient.

CORSE, Carl D., délégation des États-Unis à la Conférence tarifaire du GATT.

COUSINEAU, Jacques, deuxième secrétaire, ambassade au Liban.

COUVE DE MURVILLE, Maurice, ministre des Affaires étrangères de la France.

CREAN, G.G., ministre, ambassade en France.

CROWE, M.A., chef, 1ère Direction économique.

CURRIE, Neil, premier secrétaire, mission permanente auprès des Nations Unis.

DAVIDSON, Dr. G.F., sous-ministre de la Citoyenneté et de l'Immigration.

DAVIDSON, Ian, président, Canadian Shell Ltée.

DAVIS, Dr. John H., directeur, Office de secours et de travaux des Nations Unies.

CHAPPELL, Norman, Attaché, (Defence Production), Embassy in United States.

CHARPENTIER, Pierre, Ambassador of France in Congo.

CHEVRIER, Lionel, MP, (Liberal - Laurier).

CHIANG KAI-SHEK, Generalissimo, President of Republic of China.

CHOQUETTE, Guy, Latin American Division.

CHURCHILL, Gordon M., Minister of Trade and Commerce (-Dec. 1960); Minister of Veterans Affairs.

CLAPPIER, Bernard, Deputy Governor of the Bank of France and Member of Group of Four for remodelling OEEC into OECD.

CLEVELAND, J.H., Head, American Division.

CLUTTERBUCK, Sir Alexander, former High Commissioner of United Kingdom.

COLDWELL, M.J., former MP and leader of CCF party.

COLINA, Rafael de la, Ambassador of Mexico.

COLLINS, John, Canon of St. Paul's Cathedral, London and anti-apartheid activist.

COLLINS, R.E., Head, Far Eastern Division.

COMAROW, Murray, Legal Counsel, United States Air Force.

COORAY, Senator Edmund J., Minister of Justice of Ceylon.

CORDIER, Andrew, Executive Assistant to Secretary-General of United Nations.

CORNETT, D.M., Far Eastern Division.

CORSE, Carl D., Delegation of United States to GATT Tariff Conference.

COUSINEAU, Jacques, Second Secretary, Embassy in Lebanon.

COUVE DE MURVILLE, Maurice, Minister of Foreign Affairs of France.

CREAN, G.G., Minister, Embassy in France.

CROWE, M.A., Head, Economic (1) Division.

CURRIE, Neil, First Secretary, Permanent Mission to United Nations.

DAVIDSON, Dr. G.F., Deputy Minister of Citizenship and Immigration.

DAVIDSON, Ian, President, Canadian Shell Ltd.

DAVIS, Dr. John H., Director, United Nations Relief and Works Agency.

DAVIS, Henry F., chef, Direction européenne.

DAYAL, Rajeshwar, représentant du secrétaire général des Nations Unis au Congo.

DE GAULLE, général Charles, président de la France.

DEAN, Arthur H., chef de la délégation des États-Unis à la Conférence sur le droit de la mer.

DEBRÉ, Michel, premier ministre de la France.

DELGADO, Luis Humberto, secrétaire-général du Pérou.

DELOUVRIER, Paul, délégué-général de la France en Algérie.

DESAI, M.J., secrétaire aux Affaires du Commonwealth, ministère des Affaires extérieures de l'Inde (-déc. 1960).

DEWAR, D.B., Bureau du Conseil privé.

DIEFENBAKER, John G., premier ministre.

DIEM, NGO DINH, président de la République du Vietnam.

DILLON, C. Douglas, sous-secrétaire adjoint aux Affaires économiques, département d'État des États-Unis.

DONNE, Frederic, chef, délégation de la Commission économique européenne à la Conférence tarifaire du GATT.

DORTICOS TORRADO, Osvaldo, président du Cuba.

DOUGLAS, T.C., premier ministre de Saskatchewan.

DRAKE, Earl, Direction du Commonwealth.

DREW, George A., haut-commissaire au Royaume-Uni.

DROUIN, sénateur Mark R., président du Sénat.

DRYDEN, Dr. Hugh, administrateur adjoint, NASA.

DULLES, John Foster, ancien secrétaire d'État des États-Unis.

DUNLAP, vice-maréchal de l'air Clarence R., adjoint au chef d'état-major, Grand Quartier général des Puissances alliées en Europe.

DUPLESSIS, Maurice, ancien premier ministre de Québec.

DUPUY, Pierre, ambassadeur en France.

DURBROW, Elbridge, ambassadeur des États-Unis en République du Vietnam.

EISENHOWER, Dwight D., président des États-Unis.

ELKIN, Alexander, conseiller juridique au secrétariat de l'OECE.

DAVIS, Henry F., Head, European Division.

DAYAL, Rajeshwar, Representative of United Nations' Secretary-General in Congo.

DE GAULLE, General Charles, President of France.

DEAN, Arthur H., Chairman, Delegation of United States to Conference on the Law of the Sea.

DEBRÉ, Michel, Prime Minister of France.

DELGADO, Luis Humberto, Secretary-General of Peru.

DELOUVRIER, Paul, Delegate General of France in Algeria.

DESAI, M.J., Commonwealth Secretary, Ministry of External Affairs of India (-Dec. 1960).

DEWAR, D.B., Privy Council Office.

DIEFENBAKER, John G., Prime Minister.

DIEM, Ngo Dinh, President of Republic of Vietnam.

DILLON, C. Douglas, Deputy Under Secretary of State for Economic Affairs, Department of State of United States.

DONNE, Frederic, Head, Delegation of European Economic Commission to GATT Tariff Conference.

DORTICOS TORRADO, Osvaldo, President of Cuba.

DOUGLAS, T.C., Premier of Saskatchewan.

DRAKE, Earl, Commonwealth Division.

DREW, George A., High Commissioner in United Kingdom.

DROUIN, Senator Mark R., Speaker of the Senate.

DRYDEN, Dr. Hugh, Deputy Administrator, NASA.

DULLES, John Foster, former Secretary of State of United States.

DUNLAP, A/V/M Clarence R., Assistant to the Chief of Staff, Supreme Headquarters, Allied Powers Europe.

DUPLESSIS, Maurice, former Premier of Quebec.

DUPUY, Pierre, Ambassador in France.

DURBROW, Elbridge, Ambassador of United States in Republic of Vietnam.

EISENHOWER, Dwight D., President of United States.

ELKIN, Alexander, Legal Adviser to OEEC Secretariat.

ERASMUS, F.C., ministre de la Justice de l'Afrique du Sud.

ERHARD, Dr. Ludwig, ministre des Affaires économiques de la République fédérale d'Allemagne.

ERICHSEN-BROWN, J.P., commissaire canadien, CISC, Vietnam (-mai 1960).

FAIRCLOUGH, Ellen, ministre de la Citoyenneté et de l'Immigration.

FAWZI, Dr. Mahmoud, ministre des Affaires étrangères de la République arabe unie.

FEARNLEY, John T., département des Relations économiques, Foreign Office du Royaume-Uni.

FESSENDEN, Russell, directeur, Bureau des Affaires régionales européennes, département d'État des États-Unis.

FINCHAM, Dr. C.B.H., haut-commissaire par intérim de l'Afrique du Sud.

FLEMING, Donald, ministre des Finances.

FOOT, sir Hugh, gouverneur de la Chypre (-août 1960).

FOURNIER, J., secrétaire adjoint du Cabinet.

FOWLER, Robert M., président, Canadian Pulp and Paper Association.

FOWLER, R.W.D., haut-commissaire suppléant du Royaume-Uni.

FRANCIS, Ross, deuxième secrétaire, haut-commissariat en Afrique du Sud.

FRANKS, sir Oliver, ancien ambassadeur du Royaume-Uni aux États-Unis.

FRONDIZI, Arturo, président de l'Argentine.

FULBRIGHT, sénateur William, (D-Arkansas), président, Comité sénatorial des relations étrangères des États-Unis.

FULFORD, D.W. troisième secrétaire, ambassade en Argentine.

FULTON, E. Davie, ministre de la Justice.

GARNER, sir Joseph John Saville, haut-commissaire du Royaume-Uni.

GASPERI, Alcide de, ancien premier ministre de l'Italie.

GATES, Thomas S. Jr., secrétaire à la Défense des États-Unis.

GAUVIN, M., conseiller, ambassade en Argentine.

GBEDEMAH, K.A., ministre des Finances du Ghana.

ERASMUS, F.C., Minister of Justice of South Africa.

ERHARD, Dr. Ludwig, Minister of Economic Affairs, Federal Republic of Germany.

ERICHSEN-BROWN, J.P., Commissioner, ICSC, Vietnam (-May 1960).

FAIRCLOUGH, Ellen, Minister of Citizenship and Immigration.

FAWZI, Dr. Mahmoud, Minister of Foreign Affairs of United Arab Republic.

FEARNLEY, John T., Economic Relations Department, Foreign Office of United Kingdom.

FESSENDEN, Russell, Director, Office of European Regional Affairs, Department of State of United States.

FINCHAM, Dr. C.B.H., Acting High Commissioner of South Africa.

FLEMING, Donald, Minister of Finance.

FOOT, Sir Hugh, Governor of Cyprus (-Aug. 1960).

FOURNIER, J., Assistant Secretary to Cabinet.

FOWLER, Robert M., President, Canadian Pulp and Paper Association.

FOWLER, R.W.D., Deputy High Commissioner of United Kingdom.

FRANCIS, Ross, Second Secretary, High Commission in South Africa.

FRANKS, Sir Oliver, former Ambassador of United Kingdom in United States.

FRONDIZI, Arturo, President of Argentina.

FULBRIGHT, Senator William, (Dem.-Arkansas), Chairman, Senate Committee on Foreign Relations of United States.

FULFORD, D.W., Third Secretary, Embassy in Argentina.

FULTON, E. Davie, Minister of Justice.

GARNER, Sir Joseph John Saville, High Commissioner of United Kingdom.

GASPERI, Alcide de, former Prime Minister of Italy.

GATES, Thomas S. Jr., Secretary of Defense of United States.

GAUVIN, M., Counsellor, Embassy in Argentina.

GBEDEMAH, K.A., Minister of Finance of Ghana.

GEORGE, James, haut-commissaire au Ceylan (juill. 1960-).

GHALIB, Mourad, conseiller, ministère des Affaires étrangères, République arabe unie.

GIAP, voir VO NGUYEN GIAP.

GILCHRIST, W.M., président, Eldorado Mining and Refining Ltée.

GILL, E.W.T., sous-secrétaire d'État adjoint aux Affaires extérieures.

GILMOUR, E.H., chef, Direction des Affaires consulaires.

GIZENGA, Antoine, premier ministre suppléant du Congo.

GLAZEBROOK, G. P. de T., chef, Direction du Commonwealth (-mars 1960); sous-secrétaire d'État adjoint aux Affaires extérieures.

GOLDEN, David, sous-ministre de la Production pour la défense.

GOLDSTEIN, Mortimer, chef adjoint, Direction des Finances internationales, département d'État des États-Unis.

GOMULKA, Wladyslaw, premier secrétaire du Comité central du Parti des Ouvriers unifiés (communist) de la Pologne.

GOODPASTER, général Andrew, personnel de la Maison Blanche des États-Unis.

GORE-BOOTH, sir Paul, sous-secrétaire suppléant, Foreign Office du Royaume-Uni.

GRAAF, sir de Villiers, chef du Parti Uni de l'Afrique du Sud et chef de l'Opposition.

GRANDY, J.F., directeur, Relations économiques internationales, ministère des Finances.

GRANT, J.E., ministre du Travail de Jamaïque.

GRAY, J.L., président, Énergie atomique du Canada Ltée.

GREEN, Howard, secrétaire d'État aux Affaires extérieures.

GREENWOOD, J.W., chef, Relations extérieures, Énergie atomique du Canada Ltée.

GREGH, François-Didier, secrétaire général adjoint, Affaires économiques et financières, Secrétariat de l'OTAN.

GROMYKO, Andrei, ministre des Affaires étrangères de l'Union soviétique.

GRONCHI, Giovanni, président de l'Italie.

GEORGE, James, High Commissioner in Ceylon (July 1960-).

GHALIB, Mourad, Counsellor, Ministry of Foreign Affairs, United Arab Republic.

GIAP, See VO NGUYEN GIAP.

GILCHRIST, W.M., President, Eldorado Mining and Refining Ltd.

GILL, E.W.T., Assistant Under-Secretary of State for External Affairs.

GILMOUR, E.H., Head, Consular Division.

GIZENGA, Antoine, Deputy Prime Minister of Congo.

GLAZEBROOK, G. P. de T., Head, Commonwealth Division (-Mar. 1960); Assistant Under-Secretary of State for External Affairs.

GOLDEN, David, Deputy Minister of Defence Production.

GOLDSTEIN, Mortimer, Assistant Chief, International Finance Division, Department of State of United States.

GOMULKA, Wladyslaw, First Secretary of Central Committee, United Workers Party (Communist) of Poland.

GOODPASTER, General Andrew, White House Staff of United States.

GORE-BOOTH, Sir Paul, Deputy Under Secretary, Foreign Office of United Kingdom.

GRAAF, Sir de Villiers, Leader of United Party of South Africa and Leader of the Opposition.

GRANDY, J.F., Director, International Economic Relations, Department of Finance.

GRANT, J.E., Minister of Labour of Jamaica.

GRAY, J.L., President, Atomic Energy Canada Ltd.

GREEN, Howard, Secretary of State for External Affairs.

GREENWOOD, J.W., Head, External Relations, Atomic Energy Canada Ltd.

GREGH, François-Didier, Assistant Secretary General for Economic and Financial Affairs, NATO Secretariat.

GROMYKO, Andrei, Minister of Foreign Affairs of Soviet Union.

GRONCHI, Giovanni, President of Italy.

GRONDIN, Gilles, représentant canadien, CISC Hanoï, Vietnam.

GROS, professeur André, délégation de la France à la Conférence sur le droit de la mer.

GUEST, Gowan T., adjoint exécutif et secrétaire privé au premier ministre.

GUEVARA, Ernesto "Che", président, Banque nationale du Cuba.

GUNDEVIA, Y.D., secrétaire du Commonwealth, ministère des Affaires extérieures de l'Inde (déc. 1960-).

GYANI, General P.S., commandant, Force d'urgence des Nations Unies.

HADRABA, Theodore, délégation des États-Unis au GATT.

HADWEN, John, Direction du Commonwealth.

HAILE SELASSIE I, empereur de l'Éthiopie.

HALLSTEIN, professeur Walter, président, Commission de Communauté économique européenne.

HALSTEAD, John, conseiller, mission permanente auprès des Nations Unies.

HAMILTON, Alvin, ministre des Affaires du Nord et des Ressources nationales (-déc. 1960); ministre d'Agriculture.

HAMILTON, William, ministre des Postes.

HAMMARSKJÖLD, Dag, secrétaire général des Nations Unies.

HANNAH, Dr. John A., ancien président, section américaine, Commission permanente canado-américaine de défense.

HANSEN, H.C., premier ministre du Danemark.

HARDY, C.J., Direction de l'Amérique.

HARE, John Hugh, ministre de l'Agriculture du Royaume-Uni et chef, délégation à la Conférence sur le droit de la mer.

HARKNESS, Douglas, ministre d'Agriculture (-déc. 1960); ministre de la Défense nationale.

HARKORT, Peter G., chef, Direction commerciale, ministre des Affaires étrangères de la République fédérale d'Allemagne.

HARVISON, C.W., commandant de la GRC.

HEATH, Edward, Lord Privy Seal du Royaume-Uni.

HEENEY, A.D.P., ambassadeur aux États-Unis.

GRONDIN, Gilles, Canadian Representative, ICSC Hanoi, ICSC, Vietnam.

GROS, Professor André, Head, Delegation of France to Law of Sea Conference.

GUEST, Gowan T., Executive Assistant and Private Secretary to Prime Minister.

GUEVARA, Ernesto "Che", President, National Bank of Cuba.

GUNDEVIA, Y.D., Commonwealth Secretary, Ministry of External Affairs of India (Dec. 1960-).

GYANI, General P.S., Commander of United Nations Emergency Force.

HADRABA, Theodore, Delegation of United States to GATT.

HADWEN, John, Commonwealth Division.

HAILE SELASSIE I, Emperor of Ethiopia.

HALLSTEIN, Professor Walter, President of European Economic Commission.

HALSTEAD, John, Counsellor, Permanent Mission to United Nations.

HAMILTON, Alvin, Minister of Northern Affairs and National Resources (-Dec. 1960); Minister of Agriculture.

HAMILTON, William, Postmaster General.

HAMMARSKJÖLD, Dag, Secretary General of United Nations.

HANNAH, Dr. John A., former Chairman, United States Section, PJBD.

HANSEN, H.C., Prime Minister of Denmark

HARDY, C. J., American Division.

HARE, John Hugh, Minister of Agriculture of United Kingdom and Head, Delegation of United Kingdom to Law of Sea Conference.

HARKNESS, Douglas, Minister of Agriculture (-Dec. 1960); Minister of National Defence.

HARKORT, Peter G., Head, Commercial Department, Ministry of Foreign Affairs, Federal Republic of Germany.

HARVISON, C.W., Commissioner of RCMP.

HEATH, Edward, Lord Privy Seal of United Kingdom.

HEENEY, A.D.P., Ambassador in United States.

HEES, George, ministre des Transports (-déc. 1960); ministre du Commerce.

HEIKAL, Mohammed Hassen, rédacteur en chef du *Al-Ahram*, journal égyptien semi-officiel, et conseiller du président Nasser.

HENDRICK, A/V/M M.M., président, état-major interarmes du Canada aux États-Unis.

HERTER, Christian A., secrétaire d'État des États-Unis.

HERZOG, Yaacov, ambassadeur de l'Israël.

HILL, Robert J., ambassadeur des États-Unis au Mexique.

HILLENBRAND, Martin J., directeur, Bureau des Affaires allemandes, département d'État des États-Unis.

HILMY, brig.-gén. Amin, chef, Bureau de liaison de la République arabe unie et Force d'urgence des Nations Unis.

HO CHI MINH, président de la République démocratique du Vietnam.

HOCKIN, A. B., conseiller (finances), ambassade aux États-Unis.

HODGSON, Dr. J.S., secrétaire adjoint du Cabinet.

HOFFMAN, Paul G., administrateur délégué, Fonds spécial des Nations Unies.

HOLDEN, Dr. O., ingénieur en chef, Commission hydroélectrique de l'Ontario.

HOME, Lord Alexander Frederick Douglas, secrétaire d'État des Relations avec le Commonwealth du Royaume-Uni (-juill 1960).

HOOD, Lord, ministre-conseiller, ambassade du Royaume-Uni aux États-Unis.

HOUPHOUET-BOIGNY, Félix, président de la République de la Côte d'Ivoire.

HOURANY, Akram, vice-président de la République arabe uni.

HOWE, C.D., ancien ministre du Commerce.

HOYAR MILLAR, Frederick, sous-secrétaire permanent, Foreign Office du Royaume-Uni.

HUDDLESTON, Trevor, évêque anglican de Masasi (Tanganyika) et activiste anti-apartheid.

HURLEY, James J., haut-commissaire en Afrique du Sud.

HUSSEIN, roi de la Jordanie.

HEES, George, Minister of Transport (-Dec. 1960); Minister of Trade and Commerce.

HEIKAL, Mohammed Hassen, editor-in-chief of *Al-Ahram*, the semi-official Egyptian newspaper, and counsellor to President Nasser.

HENDRICK, A/V/M M.M., Chairman, Canadian Joint Staff in United States.

HERTER, Christian A., Secretary of State of United States.

HERZOG, Yaacov, Ambassador of Israel.

HILL, Robert J., Ambassador of United States in Mexico.

HILLENBRAND, Martin J., Director, Office of German Affairs, Department of State of United States.

HILMY, Brig.-Gen. Amin, Head, United Arab Republic Liaison Office with United Nations Emergency Force.

HO CHI MINH, President of Democratic Republic of Vietnam.

HOCKIN, A. B., Counsellor (Financial), Embassy in United States.

HODGSON, Dr. J.S., Assistant Secretary to Cabinet.

HOFFMAN, Paul G., Managing Director, United Nations Special Fund.

HOLDEN, Dr. O., Chief Engineer, Ontario Hydro Electric Commission.

HOME, Lord Alexander Frederick Douglas, Secretary of State for Commonwealth Relations of United Kingdom (-July 1960).

HOOD, Lord, Minister-Counsellor, Embassy of United Kingdom in United States.

HOUPHOUET-BOIGNY, Félix, President of Republic of Côte d'Ivoire.

HOURANY, Akram, Vice President of United Arab Republic.

HOWE, C.D., former Minister of Trade and Commerce.

HOYAR MILLAR, Frederick, Permanent Under-Secretary, Foreign Office of United Kingdom.

HUDDLESTON, Trevor, Anglican Bishop of Masasi (Tanganyika) and anti-apartheid activist.

HURLEY, James J., High Commissioner in South Africa.

HUSSEIN, King of Jordan.

IGNATIEFF, George, haut-commissaire suppléant au Royaume-Uni (-nov. 1960), sous-secrétaire d'État adjoint aux Affaires extérieures.

IGNATIEFF, George, Deputy High Commissioner in United Kingdom (-Nov. 1960), Assistant Under-Secretary of State for External Affairs.

ILEO, Joseph, premier ministre de Katanga, Congo (sept. 1960).

ILEO, Joseph, Prime Minister of Katanga, Congo (Sept. 1960).

IRWIN, J.N., secrétaire adjoint à la défense des Affaires relatives à la sécurité internationale des États-Unis.

IRWIN, J.N., Assistant Secretary of Defense for International Security Affairs of United States.

IRWIN, W.A., ambassadeur au Mexique.

IRWIN, W.A., Ambassador in Mexico.

JACOMET, André, administration française en Algérie.

JACOMET, André, French administration in Algeria.

JARVIS, G. M., avocat général, Énergie atomique du Canada Ltée.

JARVIS, G. M., General Counsel, Atomic Energy of Canada Ltd.

JAWAD, Hashim, représentant pemanent de l'Irak auprès des Nations Unies.

JAWAD, Hashem, Permanent Representative of Iraq to United Nations.

JHA, C.S., représentant permanent de l'Inde auprès des Nations Unies.

JHA, C.S., Permanent Representative of India to United Nations.

JOHNSON, David, ambassadeur en Union soviétique (-nov. 1960).

JOHNSON, David M., Ambassador in Soviet Union (-Nov. 1960).

JONES, lieut.-cdr. E.M., représentant de la Défense nationale, Comité interministériel des eaux territoriales.

JONES, Lt.-Cdr. E.M., National Defence member, Interdepartmental Committee on Territorial Waters.

JOOSTE, G.P., secrétaire des Affaires extérieures d'Afrique du Sud.

JOOSTE, G.P., Secretary of External Affairs of South Africa.

KÁDÁR, János, secrétaire général du Parti communiste hongrois.

KÁDÁR, János, General Secretary, Hungarian Communist Party.

KANG SHENG, membre du Politburo, Comité central du Parti communiste de la République populaire de Chine.

KANG SHENG, Politburo member of the Central Committee of the Communist Party of the People's Republic of China.

KASANGO, Joseph, président, Chambre des députés de la République du Congo.

KASANGO, Joseph, President, Chamber of Deputies, Republic of Congo.

KASAVUBA, Joseph, président du Congo.

KASAVUBA, Joseph, President of Congo.

KASSEM [QASIM], maj.-gén. Abdul Karim, premier ministre de l'Irak et ministre de la Défense.

KASSEM [QASIM], Maj.-Gen. Abdul Karim, Prime Minister of Iraq and Minister of Defence.

KATZ-SUCHY, Juliusz, ambassadeur de la Pologne en Inde.

KATZ-SUCHY, Juliusz, Ambassador of Poland in India.

KEENLEYSIDE, Dr. Hugh, président, British Columbia Hydro and Power Authority.

KEENLEYSIDE, Dr. Hugh, Chair, British Columbia Hydro and Power Authority.

KENNEDY, Gilbert, représentant de la Colombie-Britannique lors des négociations relatives au Traité du fleuve Columbia.

KENNEDY, Gilbert, Representative of British Columbia to Columbia River Negotiations.

KENNEDY, John F., président-élu des États-Unis.

KENNEDY, John F., President-elect of United States.

KHROUCHTCHEV, Nikita S., premier secrétaire du Comité central du Parti communiste de l'Union soviétique.

KHRUSHCHEV, Nikita S., First Secretary of Central Committee of Communist Party of Soviet Union.

KIDD, Gordon, représentant de la Colombie-Britannique lors des négociations relatives au Traité du fleuve Columbia.

KIDD, Gordon, Representative of British Columbia to Columbia River Negotiations.

KIDDER, Randolph A., conseiller des Affaires politiques, ambassade des États-Unis en France.

KIDDER, Randolph, Counsellor for Political Affairs, Embassy of United States in France.

KING, William Lyon Mackenzie, ancien premier ministre.

KING, William Lyon Mackenzie, former Prime Minister.

KINGSTONE, H.C., Direction juridique.

KINGSTONE, H.C., Legal Division.

KISHI, Nobusuke, premier ministre du Japon.

KISHI, Nobusuke, Prime Minister of Japan.

KITCHING, maj.-gén. George, président, état-major interarmes du Canada au Royaume-Uni.

KITCHING, Maj.-Gen. George, Chairman, Canadian Joint Staff in United Kingdom.

KOHLER, Foy D., sous-secrétaire d'État adjoint des Affaires européennes, département d'État des États-Unis.

KOHLER, Foy D., Deputy Assistant Secretary of State for European Affairs, Department of State of United States.

KOKOLO [N'KOKOLO], lieut.-col. Joseph, sous-commandant de l'Armée du Congo.

KOKOLO [N'KOKOLO], Lt.-Col. Joseph, Deputy Commander, Army of Congo.

KOSLOV [KOZLOV], Frol Romanovich, premier président suppléant du Conseil des ministres de l'Union soviétique.

KOSLOV [KOZLOV], Frol Romanovich, First Deputy Chairman, Council of Ministers of Soviet Union.

KOSYGIN, Alexei N., membre, Praesidium du Soviet suprême de l'Union soviétique.

KOSYGIN, Alexei N., Member, Praesidium of Supreme Soviet of Soviet Union.

KRAG, Jens Otto, ministre des Affaires étrangères du Danemark.

KRAG, Jens Otto, Minister of Foreign Affairs of Denmark.

KUBITSCHEK DE OLIVEIRA, Dr. Juscelino, président du Brésil.

KUBITSCHEK DE OLIVEIRA, Dr. Juscelino, President of Brazil.

KUDRYAVTSEV, S.M., ambassadeur de l'Union soviétique à Cuba.

KUDRYAVTSEV, S.M., Ambassador of Soviet Union in Cuba.

KUTCHUK, Dr. Fazil, chef de la communauté turque et vice-président de Chypre.

KUTCHUK, Dr. Fazil, leader of Turkish community and Vice-President of Cyprus.

KUTER, général Laurence S., Commandant des États-Unis, Commandement de la défense aérospatiale de l'Amérique du Nord.

KUTER, General Laurence S., United States Commander, North American Aerospace Command.

KUYKENDALL, Jerome K., président, Federal Power Commission of United States.

KUYKENDALL, Jerome K., Chairman, Federal Power Commission of United States.

KUZNETSOV, V.V., premier vice-ministre des Affaires étrangères de l'Union soviétique et chef, délégation à l'Assemblée générale des Nations Unies.

KUZNETSOV, V.V., First Deputy Minister of Foreign Affairs of Soviet Union and Head, Delegation to United Nations General Assembly.

LABOUISSE, Henri, directeur exécutif, UNICEF.

LABOUISSE, Henri, Executive Director, UNICEF.

LACOSTE, Francis, ambassadeur de la France.

LACOSTE, Francis, Ambassador of France.

LAFER, Dr. Horatio, ministre des Affaires étrangères du Brésil.

LAFER, Dr. Horatio, Minister of Foreign Affairs of Brazil.

LALL, Arthur, représentant permanent de l'Inde auprès des Nations Unies.

LALL, Arthur, Permanent Representative of India to United Nations.

LALOY, Jean, directeur adjoint des Affaires politiques, ministère des Affaires étrangères de la France.

LALOY, Jean, Assistant Director of Political Affairs, Ministry of Foreign Affairs of France.

LANGE, Halvard M., ministre des Affaires étrangères de la Norvège.

LASH, A.W., représentant de la Colombie-Britannique lors des négociations relatives au Traité du fleuve Columbia.

LATIMER, R.E., directeur adjoint et chef, Direction des Relations générales, Direction générale des Relations commerciales internationales du ministère du Commerce.

LAURIN, C.J., président, Comité législatif, Periodical Press Association.

LE VAN DONG, ministre d'Agriculture de la République de Vietnam.

LEDDY, John M., adjoint spécial au sous-secrétaire suppléant des Affaires économiques, département d'État des États-Unis.

LEDWARD, R.D.T., conseiller, ambassade du Royaume-Uni aux États-Unis.

LEE, sir Frank, chef permanent du Trésor du Royaume-Uni (avr. 1960-).

LÉGER, cardinal Paul-Émile, archevèque de Montréal.

LÉGER, Jules, représentant permanent auprès du Conseil de l'Atlantique Nord et de l'OECE.

LESAGE, Jean, premier ministre du Québec (juill. 1960-).

LINTOTT, sir Henry, sous-secrétaire d'État suppléant du Bureau des Relations avec le Commonwealth du Royaume-Uni.

LLOYD, John Selwyn, chancelier de l'Échiquier du Royaume-Uni.

LÓPEZ MATEOS, Dr. Adolfo, président du Mexique.

LOUW, Eric, ministre des Affaires extérieures d'Afrique du Sud.

LUCET, Charles E., directeur des Affaires politiques à l'Administration centrale de France.

LUMUMBA, Patrice, premier ministre du Congo.

LUNS, Joseph, ministre des Affaires extérieures des Pays-Bas.

LUTHULI, Chief Albert, président général du Congrès national africain, Afrique du Sud, et lauréat du prix Nobel de la Paix 1960.

MACDONALD, Malcolm, haut-commissaire du Royaume-Uni en Inde.

MACKAY, R.A., ambassadeur en Norvège.

MACLEAN, J. Angus, ministre des Pêcheries.

LANGE, Halvard M., Minister of Foreign Affairs of Norway.

LASH, A.W., Representative of British Columbia to Columbia River Negotiations.

LATIMER, R.E., Assistant Director and Chief, General Relations Division, International Trade Relations Branch, Department of Trade and Commerce.

LAURIN, C.J., Chair, Legislative Committee, Periodical Press Association.

LE VAN DONG, Minister of Agriculture of Republic of Vietnam.

LEDDY, John M., Special Assistant to Deputy Under Secretary of State, Department of State of United States.

LEDWARD, R.D.T., Counsellor, Embassy of United Kingdom in United States.

LEE, Sir Frank, Permanent Head, Treasury of the United Kingdom (Apr. 1960-).

LÉGER, Cardinal Paul-Émile, Archbishop of Montreal.

LÉGER, Jules, Permanent Representative to North Atlantic Council and OEEC.

LESAGE, Jean, Premier of Quebec (July 1960-).

LINTOTT, Sir Henry, Deputy Under-Secretary of State, Commonwealth Relations Office of United Kingdom.

LLOYD, John Selwyn, Chancellor of the Exchequer of United Kingdom.

LÓPEZ MATEOS, Dr. Adolfo, President of Mexico.

LOUW, Eric, Minister of External Affairs of Union of South Africa.

LUCET, Charles E., Director of Political Affairs, Central Administration of France.

LUMUMBA, Patrice, Prime Minister of Congo.

LUNS, Joseph, Minister of Foreign Affairs of the Netherlands.

LUTHULI, Chief Albert, President-General of African National Congress of South Africa and 1960 Nobel Peace Prize winner.

MACDONALD, Malcolm, High Commissioner of United Kingdom in India.

MACKAY, R.A., Ambassador in Norway.

MACLEAN, J. Angus, Minister of Fisheries.

MACLENNAN, Hugh, écrivain canadien.

MACLEOD, Iain, secrétaire d'État pour les Colonies du Royaume-Uni.

MACMILLAN, Harold, premier ministre du Royaume-Uni.

MAJALI, Haza al, premier ministre de la Jordanie (assassiné sept. 1960).

MAKARCZYK, professeur Zbigniew, vice-président, Groupe parlementaire catholique Znak, Pologne.

MAKARIOS, Archbishop, président de la Chypre.

MAKINS, sir Roger, président, United Kingdom Atomic Energy Authority.

MALAN, Dr. D.F., ancien premier ministre d'Afrique du Sud.

MALLORY, Lester, secrétaire adjoint suppléant aux Affaires inter-américaines, département d'État des États-Unis.

MANN, Thomas, secrétaire adjoint aux Affaires inter-américaines, département d'État des États-Unis.

MANNING, Ernest, premier ministre d'Alberta.

MANSHOLT, Sicco L., vice-président, Commission de la communauté économique européenne.

MAO TSE TOUNG, président du Parti communiste de la République populaire de Chine.

MARJOLIN, Robert, vice-président, Économie et finances, première Commission Hallstein.

MARTIN, Paul, député (Lib. - Essex East).

MARTIN, W.R., secrétaire adjoint du Cabinet.

MASSEY, Vincent, ancien gouverneur-général du Canada.

MASSU, général Jacques, commandant en chef des Forces françaises en Algérie.

MATSUDAIRA, Koto, représentant permanent du Japon auprès des Nations Unies.

MAUDLING, Reginald, président, Chambre du Commerce du Royaume-Uni.

MCCARDLE, J.J., conseiller, mission permanente auprès du Conseil de l'Atlantique Nord et de l'OECE (-juill. 1960); représentant permanent suppléant.

MCCONE, John, président, United States Atomic Energy Commission.

MCGILL, A.S., 2ième Direction économique.

MACLENNAN, Hugh, Canadian author.

MACLEOD, Iain, Secretary of State for Colonies of United Kingdom.

MACMILLAN, Harold, Prime Minister of United Kingdom.

MAJALI, Haza al, Prime Minister of Jordan (assassinated Sept. 1960).

MAKARCZYK, Professor Zbigniew, Vice-Chairman, Znak Catholic parliamentary group in Poland.

MAKARIOS, Archbishop, President of Cyprus.

MAKINS, Sir Roger, Chairman, United Kingdom Atomic Energy Authority.

MALAN, Dr. D.F., former Prime Minister of South Africa.

MALLORY, Lester, Deputy Assistant Secretary for Inter-American Affairs, Department of State of United States.

MANN, Thomas, Assistant Secretary for Inter-American Affairs, Department of State of United States.

MANNING, Ernest, Premier of Alberta.

MANSHOLT, Sicco L., Vice-President, European Economic Community Commission.

MAO TSE-TUNG, Chairman, Communist Party of People's Republic of China.

MARJOLIN, Robert, Vice-President, Economics and Finance, First Hallstein Commission.

MARTIN, Paul, MP, (Liberal - Essex East).

MARTIN, W.R., Assistant Secretary to Cabinet.

MASSEY, Vincent, former Governor-General of Canada.

MASSU, General Jacques, Commander of French Corps in Algeria.

MATSUDAIRA, Koto, Permanent Representative of Japan to United Nations.

MAUDLING, Reginald, President, Board of Trade of United Kingdom.

MCCARDLE, J.J., Counsellor, Permanent Mission to North Atlantic Council and OEEC (-July 1960); Deputy Permanent Representative.

MCCONE, John, Chairman, United States Atomic Energy Commission.

MCGILL, A.S., Economic (2) Division.

McGREGOR, K. commissaire commercial principal et conseiller économique, haut-commissariat du Royaume-Uni.

McGREGOR, K., Senior Trade Commissioner and Economic Adviser, High Commission of United Kingdom.

McINTOSH, Alister, secrétaire aux Affaires extérieures de la Nouvelle-Zélande.

McINTOSH, Alister, Secretary of External Affairs of New Zealand.

McKINNON, Hector B., président, délégation à la Conférence tarifaire du GATT.

McKINNON, Hector B., Chair, Delegation to GATT Tariff Conference.

McKINNON, Ian, président, Office national de l'énergie du Canada.

McKINNON, Ian, Chair, National Energy Board of Canada.

McNAUGHTON, général A.G.L., président, section canadienne, Commission mixte internationale.

McNAUGHTON, General A.G.L., Chairman, Canadian Section, International Joint Commission.

McPHAIL, Donald S., deuxième secrétaire, ambassade en France.

McPHAIL, Donald S., Second Secretary, Embassy in France.

MEIR, Golda, ministre des Affaires étrangères de l'Israël.

MEIR, Golda, Minister of Foreign Affairs of Israel.

MENON, V.K. Krishna, ministre de la Défense de l'Inde, et membre de la délégation à l'Assemblée générale des Nations Unies.

MENON, V.K. Krishna, Minister of Defence of India and member of Delegation to United Nations General Assembly.

MENZIES, Robert, premier ministre de l'Australie.

MENZIES, Robert, Prime Minister of Australia.

MERCHANT, Livingston, secrétaire d'État adjoint aux Affaires européennes, département d'État des États-Unis.

MERCHANT, Livingston, Assistant Secretary of State for European Affairs, Department of State of United States.

MESSMER, Pierre, ministre des Armées de France.

MESSMER, Pierre, Minister of Armed Forces of France.

MEYER-BURCKHARDT, Rabot, membre de la délégation de la Commission économique européenne à la Conférence tarifaire du GATT.

MEYER-BURCKHARDT, Rabot, Member of European Economic Commission delegation to GATT Tariff Conference.

MIA LAM, col., Armée de la République du Vietnam.

MIA LAM, Col., Army of Republic of Vietnam.

MIKOYAN, A.I., premier vice-président, Soviet suprême de l'Union soviétique.

MIKOYAN, A.I., First Deputy Chairman, Supreme Soviet of Soviet Union.

MILLEN, col. Raymond A., chef d'état-major, Force d'urgence des Nations Unies.

MILLEN, Col. Raymond A., Chief of Staff, United Nations Emergency Force.

MILLER, maréchal de l'Air F.R., président du Comité des chefs d'état-major.

MILLER, Air Marshal F.R. Chairman, Chiefs of Staff.

MINIFIE, James M., correspondant du Radio-Canada à Washington.

MINIFIE, James M., Washington correspondent, CBC.

MOBUTU-SESE SEKOU, col. Joseph, chef d'état-major, Armée du Congo.

MOBUTU-SESE SEKOU, Col. Joseph, Chief of Staff of Army of Congo.

MOCH, Jules, délégué permanent de la France à la Commission pour le désarmement des Nations Unies.

MOCH, Jules, Permanent Delegate of France to United Nations Disarmament Commission.

MOHEIDDIN, Zakaria, vice-président de la République arabe unie.

MOHEIDDIN, Zakaria, Vice President, United Arab Republic.

MORAN, H.O., directeur général, Bureau de l'aide extérieure (sept. 1960-).

MORAN, H.O., Director-General, External Aid Office (Sept. 1960-).

MORENO SANCHEZ, Manuel, leader du gouvernement, Sénat du Mexique.

MORLEY, David, Bureau du Conseil privé.

MURRAY, G.S., Direction des Nations Unies.

NASH, Walter, premier ministre de la Nouvelle-Zélande.

NASSER, colonel Gamal Abdel, président de la République arabe unie.

NEHRU, Pandit Jawaharlal, premier ministre de l'Inde.

NERVO, Luis, voir PADILLO NERVO, Luis.

NESBITT, Wallace, député, (CP - Oxford), adjoint parlementaire au premier ministre.

NEWMAN, Peter C., rédacteur en chef, magazine *Maclean's,* Ottawa.

NGUYEN DINH THUAN, secrétaire d'État au président de la République du Vietnam.

NGUYEN NGOC THO, vice-président de la République du Vietnam.

NGUYEN VAN VINH, sous-ministre de la Défense nationale de la République démocratique du Vietnam.

NITZE, Paul H., secrétaire adjoint à la Défense des États-Unis (Affaires de sécurité internationale).

NIXON, Richard M., vice-président des États-Unis.

NKRUMAH, Kwame, premier ministre du Ghana.

NOLTING, Frederick E., chef de mission suppléant, mission permanente des États-Unis auprès du Conseil de l'Atlantique Nord.

NORSTAD, général Lauris, commandant suprême des Forces alliées en Europe, OTAN.

NOSEK, Jiri, délégation de la Tchécoslovaquie à l'Assemblée générale des Nations Unies.

NOTMAN, J. Geoffrey, président, Canadair.

NOWLAN, George, ministre du Revenu national.

NUTT, J.S., conseiller, ambassade aux États-Unis.

O'LEARY, Grattan, président, Commission royale d'enquête sur les publications (sept. 1960-).

O'HURLEY, Raymond, ministre de la Production pour la défense.

OLYMPIO, Sylvanus, premier ministre du Togo.

OPPENHEIMER, Harry, président, De Beers Consolidated Mines, et activiste anti-apartheid en Afrique du Sud.

ORTUZAR, Enrique, ministre de la Justice du Chili.

MORENO SANCHEZ, Manuel, Government leader in Senate of Mexico.

MORLEY, David, Privy Council Office.

MURRAY, G.S., United Nations Division.

NASH, Walter, Prime Minister of New Zealand.

NASSER, Colonel Gamal Abdel, President of United Arab Republic.

NEHRU, Pandit Jawaharlal, Prime Minister of India.

NERVO, Luis, see PADILLO NERVO, Luis.

NESBITT, Wallace, M.P. (PC - Oxford), Parliamentary Assistant to the Prime Minister.

NEWMAN, Peter C., Ottawa editor of *Maclean's.*

NGUYEN DINH THUAN, Secretary of State to President of Republic of Vietnam.

NGUYEN NGOC THO, Vice-President of Republic of Vietnam.

NGUYEN VAN VINH, Deputy Minister of National Defense of Democratic Republic of Vietnam.

NITZE, Paul H., Assistant Secretary of Defense of United States (International Security Affairs).

NIXON, Richard M., Vice-President of United States.

NKRUMAH, Kwame, Prime Minister of Ghana.

NOLTING, Frederick E., Deputy Chief, Mission of United States to North Atlantic Council.

NORSTAD, General Lauris, Supreme Allied Commander in Europe, NATO.

NOSEK, Jiri, Delegation of Czechoslovakia to United Nations General Assembly.

NOTMAN, J. Geoffrey, President, Canadair.

NOWLAN, George, Minister of National Revenue.

NUTT, J.S., Counsellor, Embassy in United States.

O'LEARY, Grattan, Head, Royal Commission on Canadian Periodical Press (Sept. 1960-).

O'HURLEY, Raymond, Minister of Defence Production.

OLYMPIO, Sylvanus, Prime Minister of Togo.

OPPENHEIMER, Harry, Chairman, De Beers Consolidated Mines and anti-apartheid activist in South Africa.

ORTUZAR, Enrique, Minister of Justice of Chile.

PACE, Frank, Canadair.

PADILLO NERVO, Luis, secrétaire d'État des Affaires étrangères du Mexique et président de la Commission pour le désarmament des Nations Unies.

PARLOUR, R.R., secrétaire commercial, ambassade, Cuba.

PATOLICHEV, N.S., ancien membre du Politburo de l'Union soviétique.

PATTERSON, T.M., directeur, Direction des Ressources hydrauliques, ministère des Affaires du Nord et des Ressources nationales.

PAVLENKO, A.S., ancien ministre des Centrales énergétiques de l'Union soviétique.

PEARKES, George, ministre de la Défense nationale (-oct. 1960).

PEARSON, L.B., Chef de l'Opposition.

PEDERSEN, Richard F., conseiller principal, Section des affaires politiques, Mission des États-Unis auprès des Nations Unies.

PEDRAZA CABRERA, maj.-gén. José Eleuterio, ancien membre de l'Armée cubaine.

PELLA, Giuseppe, ministre des Affaires étrangères de l'Italie.

PERON, Juan, ancien président de l'Argentine.

PHAM VAN DONG, premier ministre et ministre des Affaires étrangères de la République démocratique du Vietnam.

PHILLIPS, R.A.J., directeur adjoint (planification et politique), Direction générale de l'Administration du Nord, Ministère des Affaires du Nord et des Ressources nationales.

PHILLIPS, Norman, journalist, *Toronto Star*.

PICK, Alfred J., ambassadeur au Pérou.

PIERCE, S.D., ambassadeur en Belgique.

PLOWDEN, sir Edwin, président, United Kingdom Atomic Energy Authority.

PLUMPTRE, A.F.W., sous-ministre adjoint du ministère des Finances.

POLLOCK, Sidney, directeur, Contributions et programmes internationaux, ministère des Finances.

POLYANSKY, Dimitri Stepanovich, président, Praesidium du Soviet suprême de l'Union soviétique.

POOLE, Richard, agent responsable pour les Affaires caraïbes, département d'État des États-Unis.

PACE, Frank, Canadair.

PADILLO NERVO, Luis, Secretary of State for Foreign Affairs of Mexico and Chairman, Disarmament Committee of United Nations.

PARLOUR, R.R., Commercial Secretary, Embassy in Cuba.

PATOLICHEV, N.S., former member of Politburo of Soviet Union.

PATTERSON, T.M., Director, Water Resources Branch, Department of Northern Affairs and National Resources.

PAVLENKO, A.S., former Minister of Power Stations of Soviet Union.

PEARKES, George, Minister of National Defence (-Oct. 1960).

PEARSON, L.B., Leader of the Opposition.

PEDERSEN, Richard F., Senior Adviser, Political Affairs Section, Mission of the United States to United Nations.

PEDRAZA CABRERA, Maj.-Gen. José Eleuterio, formerly of the Army of Cuba.

PELLA, Giuseppe, Minister of Foreign Affairs of Italy.

PERON, Juan, former President of Argentina.

PHAM VAN DONG, Prime Minister and Minister of Foreign Affairs, Democratic Republic of Vietnam.

PHILLIPS, R.A.J., Assistant Director (Plans and Policy), Northern Administration Branch, Department of Northern Affairs and National Resources.

PHILLIPS, Norman, journalist, *Toronto Star*.

PICK, Alfred J., Ambassador in Peru.

PIERCE, S.D., Ambassador in Belgium.

PLOWDEN, Sir Edwin, Chairman, United Kingdom Atomic Energy Authority.

PLUMPTRE, A.F.W., Assistant Deputy Minister, Department of Finance.

POLLOCK, Sidney, Director, International Programmes and Contributions, Department of Finance.

POLYANSKY, Dimitri Stepanovich, Chairman, Praesidium of Supreme Soviet of Soviet Union.

POOLE, Richard, Officer in Charge of Caribbean Affairs, Department of State of United States.

POWELL, sir Richard, secrétaire permanent, Chambre du Commerce du Royaume-Uni.

POYNTON, sir Hilton, secrétaire permanent, Bureau des Colonies du Royaume-Uni.

PRADO Y UGARTECHE, Dr. Manuel, président du Pérou.

PROFUMO, John, ministre d'État des Affaires étrangères du Royaume-Uni (-juill. 1960); secrétaire d'État de Guerre.

QASIM [KASSEM], Abdul-Karim, premier ministre de l'Irak.

QUAISON-SACKEY, Alex, ambassadeur du Ghana auprès des Nations Unies.

RAE, Saul, ministre, ambassade aux États-Unis.

RANDALL, Clarence, président, Conseil de la politique économique étrangère des États-Unis.

RAPACKI, Adam, ministre des Affaires étrangères de la Pologne.

RASMINSKY, Louis, sous-gouverneur de la Banque du Canada et directeur exécutif canadien, FMI.

REID, Escott, ambassadeur en République fédérale d'Allemagne.

REISMAN, Sol Simon, directeur, Direction générale des Relations économiques internationales, ministère des Finances.

REY, Jean, membre responsable des relations éxterieures de la Commission de la Communauté économique européenne.

RHEE, Syngman, président de la République de Corée.

RIAD, Mahmoud, représentant permanent de la République arabe uni auprès des Nations Unies.

RIDDELL, G.G., Direction du Moyen-Orient.

RIFFAI, Samir, premier ministre de la Jordanie.

RIKHYE, général I.J., conseiller militaire au secrétaire-général des Nations Unies.

RITCHIE, A.E., sous-secrétaire d'État adjoint des Affaires extérieures.

RITCHIE, Charles S. A., représentant permanent auprès des Nations Unies.

ROA, Dr. Raul, ministre des Affaires étrangères du Cuba.

ROBERTS, J.A., sous-ministre adjoint du Commerce.

ROBERTSON, Norman A., sous-secrétaire d'État aux Affaires extérieures.

POWELL, Sir Richard, Permanent Secretary, Board of Trade of United Kingdom.

POYNTON, Sir Hilton, Permanent Secretary, Colonial Office of United Kingdom.

PRADO Y UGARTECHE, Dr. Manuel, President of Peru.

PROFUMO, John, Minister of State for Foreign Affairs of United Kingdom (-July 1960); Secretary of State for War.

QASIM [KASSEM], Abdul Karim, Prime Minister of Iraq.

QUAISON-SACKEY, Alex, Ambassador of Ghana to United Nations.

RAE, Saul, Minister, Embassy in United States.

RANDALL, Clarence, Chairman, Council on Foreign Economic Policy of United States.

RAPACKI, Adam, Minister of Foreign Affairs of Poland.

RASMINSKY, Louis, Deputy Governor of Bank of Canada and Canadian Executive Director, IMF.

REID, Escott, Ambassador in Federal Republic of Germany.

REISMAN, Sol Simon, Director, International Economic Relations Division, Department of Finance.

REY, Jean, Member of European Economic Community Commission responsible for External Relations.

RHEE, Syngman, President of Republic of Korea.

RIAD, Mahmoud, Permanent Representative of United Arab Republic to United Nations.

RIDDELL, G.G., Middle Eastern Division.

RIFFAI, Samir, Prime Minister of Jordan.

RIKHYE, General I.J., Military Advisor to Secretary-General of United Nations.

RITCHIE, A.E., Assistant Under-Secretary of State for External Affairs.

RITCHIE, Charles S. A., Permanent Representative to United Nations.

ROA, Dr. Raul, Minister of Foreign Affairs of Cuba.

ROBERTS, J.A., Deputy Minister of Trade and Commerce.

ROBERTSON, Norman A., Under-Secretary of State for External Affairs.

ROBERTSON, R.G., sous-ministre des Affaires du Nord et des Ressources nationales.

ROBERTSON, R.G., Deputy Minister of Northern Affairs and National Resources.

ROBINSON, H. Basil, adjoint spécial au secrétaire d'État aux Affaires extérieures.

ROBINSON, H. Basil, Special Assistant to Secretary of State for External Affairs.

ROGERS, Robert L., conseiller, haut-commissariat au Royaume-Uni (-sept. 1960); conseiller, mission permanente auprès du Conseil de l'Atlantique Nord et de l'OECE.

ROGERS, Robert L., Counsellor, High Commission in United Kingdom (-Sept. 1960); Counsellor, Permanent Mission to North Atlantic Council and OEEC.

ROLL, Eric, représentant du ministère de l'Agriculture, des Produits alimentaires et des Produits de la pêche du Royaume-Uni lors des pourparlers sur l'économie européenne.

ROLL, Eric, Representative of Ministry of Agriculture, Food and Fish of United Kingdom to European Economic Talks.

RONNING, Chester A., haut-commissaire en Inde.

RONNING, Chester A., High Commissioner in India.

ROYER, Jean, ancien secrétaire exécutif suppléant du GATT.

ROYER, Jean, former Deputy Executive Secretary of GATT.

RUBOTTOM, Roy R., secrétaire d'État adjoint des Affaires inter-américaines, département d'État des États-Unis.

RUBOTTOM, Roy R., Assistant Secretary of State for Inter-American Affairs, Department of State of United States.

RUFAATM KAMAL, ministre d'État de la République arabe uni.

RUFAATM KAMAL, Minister of State of United Arab Republic.

RUMBOLD, sir Anthony, ministre, ambassade du Royaume-Uni en France.

RUMBOLD, Sir Anthony, Minister, Embassy of United Kingdom in France.

RUTTER, Peter, Bureau d'Adjoint spécial au secrétaire, United States Atomic Energy Commission.

RUTTER, Peter, Office of Special Assistant to Secretary, United States Atomic Energy Commission.

SABRY, Ali, ministre des Affaires présedentiels de la République arabe unie.

SABRY, Ali, Minister for Presidential Affairs of United Arab Republic.

SADAT, Anwar, président de l'Assemblée nationale de la République arabe unie.

SADAT, Anwar, President of the National Assembly of United Arab Republic.

SALEM, général Ahmed, gouverneur de Gaza pour la République arabe unie.

SALEM, General Ahmed, United Arab Republic Governor of Gaza.

SALISBURY, Robert Gascoyne-Cecil, marquess de, ancien secrétaire aux Relations du Cabinet du Royaume-Uni.

SALISBURY, Robert Gascoyne-Cecil, Marquess of, former Secretary for Cabinet Relations of United Kingdom.

SANCHEZ PIEDRAS, Emilio, président, Comité permanent du Congrès mexicain.

SANCHEZ PIEDRAS, Emilio, Chairman, Permanent Committee of Mexican Congress.

SANDYS, Duncan, ministre de l'Aviation du Royaume-Uni (-juill. 1960); secrétaire d'État des Relations avec le Commonwealth.

SANDYS, Duncan, Minister of Aviation of United Kingdom (-July 1960); Secretary of State for Commonwealth Relations.

SARAJ, Abd al-Kamid as-, ministre de l'Intérieur de la République arabe unie (Syrie).

SARAJ, Abd al-Kamid as-, Minister of Interior of United Arab Republic (Syria).

SARPER, Selim, représentant permanent de la Turquie auprès du Conseil de l'Atlantique Nord.

SARPER, Selim, Permanent Representative of Turkey to North Atlantic Council.

SAUER, P.A., premier ministre suppléant de l'Afrique du Sud.

SAUER, P.A., Deputy Prime Minister of South Africa.

SAUVÉ, Paul, ancien premier ministre du Québec.

SAUVÉ, Paul, former Premier of Quebec.

SCHERPENBERG, Hilger van, directeur général, ministère des Affaires étrangères de la République fédérale d'Allemagne.

SCHERPENBERG, Hilger van, Director General, Ministry of Foreign Affairs of Federal Republic of Germany.

SCHOEMAN, Barend Jacobus, député, Parlement de l'Afrique du Sud et ancien ministre du Cabinet.

SCHOEMAN, Barend Jacobus, Member of Parliament of South Africa and former cabinet minister.

SCHUMANN, Maurice, président, Comité des Affaires étrangères de France.

SCHUMANN, Maurice, President, Foreign Affairs Committee of France.

SCHWARZMANN, Maurice, directeur adjoint, Direction générale des Relations commerciales internationales, ministère du Commerce.

SCHWARZMANN, Maurice, Assistant Director, International Trade Relations Branch, Department of Trade and Commerce.

SCOTT, rév. Michael, porte-parole de l'Afrique du Sud-Ouest.

SCOTT, Rev. Michael, spokesperson for Southwest Africa.

SCOTT, S. Morley, Direction du Commonwealth.

SCOTT, S. Morley, Commonwealth Division.

SEATON, Frederick A., secrétaire à l'Intérieur des États-Unis.

SEATON, Frederick A., Secretary of Interior of United States.

SEGNI, Antonio, premier ministre de l'Italie.

SEGNI, Antonio, Prime Minister of Italy.

SÉKOU TOURÉ, Ahmed, président de la Guinée.

SÉKOU TOURÉ, Ahmed, President of Guinea.

SEN, Ashoka, ministre du Droit de l'Inde et représentant à la Conférence sur le droit de la mer.

SEN, Ashoka, Law Minister of India and Representative to Law of Sea Conference.

SHARP, Dudley, secrétaire adjoint (matériel), United States Air Force.

SHARP, Dudley, Assistant Secretary (Materiel), United States Air Force.

SICOTTE, Gilles, Direction juridique.

SICOTTE, Gilles, Legal Division.

SIHUD, roi de l'Arabie Saoudite.

SIHUD, King of Saudi Arabia.

SMALL, C.J., délégué commercial à Hong Kong.

SMALL, C.J., Trade Commissioner, Hong Kong.

SMALLWOOD, J.R., premier ministre de la Terre-Neuve.

SMALLWOOD, J.R., Premier of Newfoundland.

SMITH, Arnold, ambassadeur en République arabe unie.

SMITH, Arnold, Ambassador in United Arab Republic.

SMITH, Arthur, représentant suppléant auprès du Comité spécial de l'Assemblée générale des Nations Unies.

SMITH, Arthur, Alternate Representative to Special Committee of General Assembly of United Nations.

SMUTS, général Jan, ancien premier ministre de l'Afrique du Sud.

SMUTS, General Jan, former Prime Minister of South Africa.

SOUTHAM, G.H., ambassadeur en Pologne.

SOUTHAM, G.H., Ambassador in Poland.

SPAAK, Paul-Henri, secrétaire-général de l'OTAN.

SPAAK, Paul-Henri, Secretary-General of NATO.

STANFIELD, Robert, premier ministre de la Nouvelle-Écosse.

STANFIELD, Robert, Premier of Nova Scotia.

STANSFIELD, David, Direction du Commonwealth.

STANSFIELD, David, Commonwealth Division.

STEELE, Christopher, ambassadeur du Royaume-Uni en République fédérale d'Allemagne.

STEELE, Christopher, Ambassador of United Kingdom in Federal Republic of Germany.

STEEVES, J.M., secrétaire d'État adjoint suppléant des Affaires de l'Extrême-Orient, département d'État des États-Unis.

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STEPHENS, L.A.D., chef, Direction du Moyen-Orient.

STEPHENS, L.A.D., Head, Middle East Division.

STEVENSON, Adlai, ancien gouverneur de l'Illinois et candidat du Parti démocrate aux présidentielles de 1952 et 1956.	STEVENSON, Adlai, former Governor of Illinois and Democratic presidential candidate in 1952 and 1956.
STEWART, Charles, chargé d'Affaires, ambassade du Royaume-Uni en République du Vietnam.	STEWART, Charles, Chargé d'Affaires, Embassy of United Kingdom in Republic of Vietnam.
STIKKER, Dirk, représentant permanent des Pays-Bas auprès du Conseil de l'Atlantique Nord.	STIKKER, Dirk, Permanent Representant of the Netherlands to North Atlantic Council.
STONE, W. F., premier secrétaire, mission permanente auprès du Bureau européen des Nations Unies.	STONE, W. F., First Secretary, Permanent Mission to European Office of United Nations.
STONER, O.G., chef, 1ère Direction économique.	STONER, O.G., Head, Economic (1) Division.
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SUKARNO [SOEKARNO], président de l'Indonésie.	SUKARNO [SOEKARNO], President of Indonesia.
SVERNIK, N.M., président, Comité de contrôle du Parti, Praesidium de l'Union soviétique.	SVERNIK, N.M., Chairman, Party Control Committee, Praesidium of Soviet Union.
TA QUAANG BU, vice-ministre de la Défense de la République démocratique du Vietnam (-août 1960).	TA QUAANG BU, Vice-Minister of Defense of Democratic Republic of Vietnam (-Aug. 1960).
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TELLO BAURRAUD, Manuel, secrétaire des Affaires étrangères du Mexique.	TELLO BAURRAUD, Manuel, Secretary of Foreign Affairs of Mexico.
THOMPSON, Llewellyn, ambassadeur des États-Unis en Union soviétique.	THOMPSON, Llewellyn, Ambassador of United States in Soviet Union.
TIMBERLAKE, Clare, ambassadeur des États-Unis au Congo.	TIMBERLAKE, Clare, Ambassador of United States in Congo.
TITO, maréchal Josip Broz, président de Yougoslavie.	TITO, Marshal Josip Broz, President of Yugoslavia.
TOVELL, F.M., 1ère Direction de liaison avec la Défense.	TOVELL, F.M., Defence Liaison (1) Division.
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Tremblay, Paul, ambassadeur au Chili.	TREMBLAY, Paul, Ambassador in Chile.
TRUJILLO, Rafael, président de la République dominicaine.	TRUJILLO, Rafael, President of Dominican Republic.
TSHOMBE, Moise, premier ministre de la Province de Katagana, Congo.	TSHOMBE, Moise, Premier of Katanga Province, Congo.

TUTHILL, John, directeur, Bureau des Affaires régionales, département d'État des États-Unis.

TWINING, général Nathan F., président du Comité des chefs d'état-major des États-Unis.

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VERWOERD, Dr. Hendrik F., premier ministre de l'Afrique du Sud.

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WELENSKY, Sir Roy, Prime Minister of Federation of Rhodesia and Nyasaland.

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WIGGLESWORTH, Richard B., Ambassador of United States.

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WIGNY, Pierre, Minister of Foreign Affairs of Belgium.

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WILCOX, Francis, Assistant Secretary of International Organizations Affairs, Department of State of United States.

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WILLIAMS, Lt.-Gen. Samuel, United States Commander, MAAG, Vietnam.

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WILLISTON, Ray, Minister of Lands and Forests of British Columbia.

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WOOD, Chalmers B., Officer in Charge of Vietnam Affairs, Department of State of United States.

WOODSWORTH, Charles, commissaire, CISC, Vietnam (mai 1960-).

WOODSWORTH, Charles, Commissioner, ICSC, Vietnam (May 1960-).

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WYNDHAM WHITE, Eric, Executive Secretary, GATT.

WYSZYNSKI, cardinal Stefan, prélat de la Pologne.

WYSZYNSKI, Cardinal Stefan, Prelate of Poland.

ZAGLITZ, Oscar, délégation des États-Unis à la Conférence tarifaire du GATT.

ZAGLITZ, Oscar, Delegation of United States to GATT Tariff Conference.

ZAITON, Ibrahim, secrétaire permanent suppléant, ministère des Affaires extérieures de la Malaisie.

ZAITON, Ibrahim, Deputy Permanent Secretary, Ministry of External Affairs of Malaya.

ZELLER, général André, chef d'état-major de la France en Algérie.

ZIMMERMAN, Hartley, président, Conseil de recherches pour la défense.

ZOLOTAS, Xenophon, ancien premier ministre de la Grèce et membre du Groupe des quatre chargé de transformer l'OECE en OCDE.

ZORIN, Valerian A., sous-ministre des Affaires étrangères de l'Union soviétique.

ZORLU, Fatin Rüstü, ministre des Affaires étrangères de la Turquie.

ZELLER, General André, Chief of General Staff of France in Algeria.

ZIMMERMAN, Hartley, Chairman, Defence Research Board.

ZOLOTAS, Xenophon, former Prime Minister of Greece and Member of Group of Four for remodelling OEEC into OECD.

ZORIN, Valerian A., Deputy Foreign Minister of the Soviet Union.

ZORLU, Fatin Rüstü, Minister of Foreign Affairs of Turkey.

ILLUSTRATIONS

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Left to right: President of the United States Dwight D. Eisenhower, Prime Minister John Diefenbaker, Secretary of State for External Affairs Howard Green. New York, September 1960. Library and Archives Canada, PA 122743.

De gauche à droite : Dwight D. Eisenhover, président des États-Unis, John Diefenbaker, premier ministre, Howard Green, secrétaire d'État aux Affaires extérieures. New York, septembre 1960. Bibliothèque et Archives Canada, PA 122743.



Diefenbaker's return to Ottawa from New York after his speech to the United Nations General Assembly. Duncan Cameron/Library and Archives Canada, e009714391.

Retour de Diefenbaker à Ottawa après son discours à l'Assemblée générale des Nations Unies à New York. Duncan Cameron/ Bibliothèque et Archives Canada, e009714391.



Opening ceremony of the fifth meeting of the Joint Canada-United States Committee on Trade and Economic Affairs, Washington, February 16, 1960. Front row, left to right: Douglas Harkness, Christian Herter, Donald Fleming, Gordon Churchill. Second row, left to right: Arnold Heeney, Norman Robertson, Douglas Dillon; others not identified. Library and Archives Canada, Arnold Heeney Collection, C 44775.

Cérémonie d'ouverture de la cinquième réunion du Comité conjoint des États-Unis et du Canada sur les questions commerciales, Washington, le 16 février 1960. Première rangée, de gauche à droite : Douglas Harkness, Christian Herter, Donald Fleming, Gordon Churchill. Deuxième rangée, de gauche à droite : Arnold Heeney, Norman Robertson, Douglas Dillon; autres personnes non identifiées. Bibliothèque et Archives Canada, collection d'Arnold Heeney, C 44775.



Arrival of French President Charles de Gaulle at Ottawa airport, April 19, 1960. Duncan Cameron/Library and Archives Canada, e009714389.

Arrivée du président de la France Charles de Gaulle à l'aéroport d'Ottawa, le 19 avril 1960. Duncan Cameron/Bibliothèque et Archives Canada, e009714389.



At Rideau Hall. Left to right: Governor General Georges Vanier, de Gaulle, Diefenbaker. Duncan Cameron/Library and Archives Canada, e009714390.

Rideau Hall. De gauche à droite : le gouverneur général Georges Vanier, de Gaulle, Diefenbaker. Duncan Cameron/Bibliothèque et Archives Canada, e009714390.



Visit of Prime Minister Nobusuke Kishi of Japan to Ottawa, January 21, 1960. Left to right: Kishi; Diefenbaker; Green. Ted Grant/ Library and Archives Canada e009714395.

Visite du premier ministre du Japon Nobusuke Kishi à Ottawa, le 21 janvier 1960. De gauche à droite : Kishi, Diefenbaker, Green. Ted Grant/ Bibliothèque et Archives Canada, e009714395.



Canadian soldiers load crates of United Nations blue helmets on a plane bound for the Congo, Gaza airfield, July 15, 1960. United Nations Photo 138581.

Des soldats canadiens chargent des caisses de casques bleus des Nations Unies dans un avion à destination du Congo, terrain d'aviation de Gaza, le 15 juillet 1960. Photographie des Nations Unies, n°138581.



Canadian soldiers on their way to the Congo, August 1960. Ted Grant/ Library and Archives Canada, e009714398.

Soldats canadiens en route pour le Congo, août 1960. Ted Grant/ Bibliothèque et Archives Canada, e009714398



Meeting of Conglolese Prime Minister Patrice Lumumba and Prime Minister Diefenbaker, Ottawa, July 30, 1960. Ted Grant/ Library and Archives Canada, e009714396.

Rencontre entre le premier ministre du Congo, Patrice Lumumba, et le premier ministre Diefenbaker, Ottawa, le 30 juin 1960. Ted Grant/ Bibliothèque et Archives Canada, e009714396.



President Adolfo López Mateos of Mexico welcomes Prime Minister Diefenbaker, April 21, 1960. Diefenbaker Canada Centre, JGD 1244.

Le président du Mexique, Adolfo López Mateos, accueille le premier ministre Diefenbaker, le 21 avril 1960. Centre Diefenbaker Canada, JGD 1244.



The Prime Minister and Mrs. Olive Diefenbaker in Mexico City. Diefenbaker Canada Centre, JGD 1254

Le premier ministre et Mme Olive Diefenbaker à Mexico. Centre Diefenbaker Canada, JGD 1254.

CHAPITRE PREMIER/CHAPTER I

NATIONS UNIES ET AUTRES ORGANISATIONS INTERNATIONALES
UNITED NATIONS AND OTHER INTERNATIONAL ORGANIZATIONS

PREMIÈRE PARTIE/PART 1

NATIONS UNIES
UNITED NATIONS

SECTION A

CONGO

1. DEA/6386-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET. CANADIAN EYES ONLY. [Ottawa], July 12, 1960

POLITICAL SITUATION IN THE CONGO

A grave development in the Congo situation occurred last night when Premier Moise Tshombe of Katanga Province declared the province to be "totally independent." He had previously declared a state of emergency.

Up to the present the disturbances in the Congo have been of an unexpected kind, i.e., a widespread mutiny of Congolese units of the Force Publique against their Belgian officers and against Europeans generally. What had been expected was disorders between the many strong tribal elements within the country and between tribal authorities and the new central government. It had been feared, moreover, that the central government, even with the backing of a loyal Force Publique, might be unable to maintain order. This pattern has been largely absent, however, until the present.

The Katanga revolt raises several new and disturbing elements. The province contains almost the whole of the Congo's potential wealth and natural resources, is the most highly industrialized, and is the location of the most important outside investment. Without the Katanga all possibility that the Congo might be a unified and economically viable state would disappear. The area is coveted by its white neighbours in the Federation of Rhodesia and Nyasaland whose rich copper belt adjoins. A few weeks ago Prime Minister Sir Roy Welensky caused considerable trouble by announcing that if the Congo were to break up the Rhodesias might find it necessary to take over the Katanga. He was probably rapped over the knuckles by Whitehall for this statement, but even since the disorders in the Congo broke out he has said that the Federation could only consider intervention in Katanga if its assistance were requested by the proper authorities. We know that this too caused great embarrassment to the United

Kingdom Government, which may well have felt that its hands were tied in the whole issue as a result.[1] In any event when Tshombe requested assistance from the Federation a few days ago, the United Kingdom Government replied that such a request from a provincial government could not be entertained. Northern Rhodesian troops are, nonetheless, reported to be moving up to the border, ostensibly to protect European refugees.

The revolt of the Katanga raises other international complications. Elizabethville, the provincial capital, was the scene of serious mutiny in the Congolese security forces, and Belgian paratroopers had to be sent (as they were elsewhere) to raise a siege on Belgian officers and other white residents, virtually taking over control of Elizabethville in the process. It was this fact which undoubtedly encouraged Tshombe to make his declaration of independence. There will be a temptation for Belgian business and financial interests to put pressure on their government to ally itself openly with Tshombe. Whether this happens or not the revolt in fact creates a situation of civil war in which there will be strong pressures on European powers to take sides. This might lead to the fall of the Lumumba Government with no alternative national leadership in sight.

We should not lose sight of the fact that during the disorders the central government had done its best to contain the mutiny, to protect Europeans, and to restore normal conditions. This objective, moreover, seems to have been achieved in Leopoldville. The central government has given no indication of not wishing to maintain close and friendly relations with Belgium, and has appealed to Belgian technicians to remain in the country.

N.A. R[OBERTSON]

2. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 226-60 [Ottawa], July 15, 1960
SECRET

CONGO: ROLE OF THE UNITED NATIONS

The Secretary-General of the United Nations is taking steps to implement the Security Council resolution of July 14.[2] To meet the requirements of the situation in the Congo the Secretary-General is following a three-point programme as follows:

(a) A relatively long-term programme of technical assistance to the Congo which in its early stages will involve administrative assistance to the Congolese authorities in re-organizing their internal security forces, which have been disrupted by mutiny and by the removal of Belgian officers. This programme calls for an immediate though temporary secondment of military officers, now serving with the United Nations Truce Supervision Organization in Palestine.

(b) A short-term, stopgap arrangement for meeting the emergency situation in the Congo, through the establishment of a United Nations military force, composed of contingents drawn mainly from French-speaking African states. This Force, expected to number about 2,500, will

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1 Note marginale :/Marginal note:
Canadian eyes only. [Auteur inconnu/Author unknown]

2 Voir/See *Documents on International Affairs 1960* (London: Oxford University Press/Royal Institute of International Affairs, 1964), pp. 279-80.

be used to restore order and protect property and lives. It will be an international military force on the UNEF model and General Von Horn, the Chief of Staff of UNTSO has been appointed Commander. The operations of the Force will be governed by principles established for UNEF, such as shooting only in self-defence, not becoming involved in internal political conflicts, and having a balanced composition reflecting the political circumstances of its establishment.

(c) An emergency programme of supply to meet an acute food shortage in the Leopoldville area. The Secretary-General is appealing to member states of the United Nations to offer foodstuffs on a gift basis. There is a related question of providing transportation, presumably by air, for the food supplies offered.

Secondment of UNTSO Officers

2. The Secretary-General has asked General Von Horn to recommend military officers who can be spared from UNTSO duties in Palestine. The main qualification is that they should be French-speaking. These officers will serve in civilian dress in the Congo as technical advisers to the Congolese authorities responsible for internal security. The Secretary-General has now requested that 5 Canadian officers, who have volunteered to serve in the Congo, be permitted to be seconded. The Government has already approved the secondment of three of these officers (Lt-Col. Berthiaume, Major King and Major George). These officers are to fly on July 16 with General Von Horn to arrive in Leopoldville on July 17. They are part of the advance party which consists as well of Danish, Norwegian and Swedish officers of UNTSO and some United Nations Field Service personnel.

3. On arrival they will assist General Von Horn in establishing a headquarters for the United Nations Force and arranging liaison with the appropriate Congolese authorities. They will no doubt be required to assist in arrangements for the arrival of national contingents of the Force.

4. The secondment of two other Canadian officers, Major J. Clarke and Major C. McLean, has been requested with a view to their being called forward by General Von Horn in the near future. The approval of the Government is required for their secondment.

Supply of Foodstuffs

5. The Canadian Permanent Mission in New York has received a formal request from the Secretary-General for foodstuffs. The United Nations has received reports regarding the food situation in and around Leopoldville which indicated that, owing to a breakdown of the distribution system and other circumstances, a food shortage is likely to develop within the next few days. The Congolese Government has appealed to the Secretary-General to take immediate steps in order to provide assistance on an emergency basis. The Secretary-General has appealed to the Governments of United States, Soviet Union, Italy, India, Denmark, France and Canada to put at the disposal of the United Nations foodstuffs which are easily transportable and which might serve to gain the necessary time for the re-establishment of normal supplies. The expectation is that food and its transportation would be provided on a gift basis.

6. The Secretary-General would appreciate any indication concerning the possibility of providing air transportation for the foodstuffs. The United Nations contemplates establishing a staging area in Naples, from where the organization would hope to be able to take care of the transportation. The food supplies would be put at the disposal of the Congolese authorities with Dr. Ralph Bunche, in control of the U.N. side of the operation in Leopoldville.

7. Available for an emergency gift of this kind in Canada are the following commodities: canned pork, wheat/flour and whole milk powder. It is estimated that each North Star aircraft could carry 9,000 lbs. of any of these commodities. The United States is contributing 300 tons of flour which will be flown in immediately in 21 United States aircraft. The United Kingdom will supply the value of £10,000 in foodstuffs which will also be airlifted. A contribution of

the Canadian commodities which could be carried in 5 North Star aircraft might constitute a comparable gift of foodstuffs from Canada. In view of the United States gift of flour, Canada might make its contribution in canned pork and whole milk powder, say 20,000 lbs. of each. Supplies of this scale would readily be available.

Communications and Logistics Specialists for the U.N. Force

8. The Secretary-General has been made fully aware that the Government of Canada did not wish any expectation to be aroused that military assistance from Canada would be forthcoming. Nevertheless, the Secretary-General has addressed to the Canadian Government an enquiry, the text of which is attached.† It has to do with the provision of certain specialized personnel for the U.N. Force.

9. The indications are that the national contingents will be provided by Tunisia, Morocco, Ghana and possibly Guinea and Mali. These would be the troops actually engaged in maintaining order and protecting property and lives. The United Nations is faced with the problem of providing adequate communication and logistic support for the Force. The specialists required by the United Nations would be purely technical and non-combatant. They would be serving the purposes of the U.N. Force in Congo but as well they would provide the communications and logistics needs of the other United Nations agencies in the Congo operation.

10. Any request for communications and logistics specialists is outside the scope of those which the Government has announced that it was prepared to consider. Nevertheless, there will be the formidable problem of administering the U.N. Force and many of the smaller states, especially those in Africa, do not have the experience necessary for giving administrative support to a mixed Force. The language problem in the Congo also poses a serious problem, perhaps even more so than the one which faced UNEF in Gaza. In line with his enquiry to Canada, the Secretary-General is approaching Sweden and Norway about the provision of aircraft and pilots for the purpose of aerial reconnaissance and communication.

11. Any white troops involved in the role proposed for the U.N. Force in the Congo will be in a difficult situation, since it may not be easy to persuade the Congolese people that the U.N. Force [is] not another form of foreign domination. The administrative units of the Force would not be required to coerce the Congolese in any way but those whose duties brought them in contact with the people might have to protect themselves and their equipment.

12. I would welcome the views of Cabinet on the response which might be given to the two requests (paras. 4 and 5) and to the enquiry (para. 8) made by the United Nations Secretary-General.[3]

H.C. GREEN

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[3] Voir les Conclusions du Cabinet, 16 juillet 1960./See Cabinet Conclusions, July 16, 1960.

3. DEA/6386-40

Note pour le secrétaire d'État aux Affaires extérieures

Memorandum for Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], July 15, 1960

CONGO

The long-range problems involved in the future of the Congo may be more serious and more difficult to resolve than the short-range ones of restoring peace and order which have now been assumed by the United Nations.

2. Prime Minister Lumumba has broken off diplomatic relations with Belgium, claiming Belgium violated the Convention signed on June 29, by sending troops into the Congo without the Congolese having requested them. It is reported that Belgium interprets the Security Council resolution to mean that regular troops will be withdrawn to the Belgian bases in the Congo. The Congolese and other African nations will almost certainly interpret the resolution to mean a complete withdrawal from the Congo of all Belgian troops.

3. The Belgians believe that the troubles are Communist inspired and that if Lumumba and Kasavubu are maintained in power this will constitute a victory for the Communists. The United States also see Communist inspiration behind the troubles. While they do not constitute proof of Communist inspiration, Khrushchev's latest threats[4] are certainly proof of the reality of Communist involvement now.

4. Belgium seems to be dangerously willing to accept or even to encourage the secession of Katanga. Tshombe, the Prime Minister of Katanga, has stated that he will deny entry to the U.N. force (this is a separate and difficult problem). Tshombe has now requested free world recognition of an independent Katanga and we are faced with one more difficult problem. If any Western power (particularly Belgium) were to accord recognition, the results could be grave in the extreme.

5. Apart from these immediate dangers Katanga's withdrawal from the Congo might start a movement for further balkanization. In any event the Congo's economic future would be precarious without its richest province. The cause of those wishing to re-establish the historic kingdom of Bakongo which included most of what is now the Republic of Congo in the French Community, parts of Portuguese Angola and Northern Rhodesia, would be encouraged.

6. Even if Katanga should be reincorporated within the central republic there would still be an immense long-range problem of how the country can be administered until the Congolese can take over. This at the most optimistic estimate would be several years. Before the disorders there were approximately 10,000 Belgian administrators in the Congo. Unless the large majority consent to remain or return, which is highly improbable, or unless they can be replaced, the whole structure of the country could collapse. This would mean an operation of a magnitude which the United Nations is not at the moment even remotely equipped to face. It would be a monumental task to find 5,000 to 10,000 suitably trained and readily available personnel (and who in addition should be French speaking): United Nations technical assistance has been in terms of dozens, not thousands, of experts per country. The cost would be astronomical and many governments — even if agreeing in principle with the necessity of providing aid of such magnitude — might well balk at paying the price.

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[4] Voir/See Seymour Topping, "Russians Demand Troops Quit Congo," *New York Times*, July 14, 1960, p. 5.

7. The agreement by independent African states to provide troops for the United Nations force will seriously tax their resources. They might be hard put to maintain their internal security should disorder break out with the risk of serious internal or even international repercussions.

8. The present state of the Congo and what happens to it in the future will be of immense importance to other already independent states in Africa, which seem at present to be showing a surprising and desirable sense of responsibility for events in that country. It will have an even greater effect on the plans and the timetables for the independence of still dependent territories in Africa. Ghana's almost over-readiness to move in with troops and advisers may be an indication of Nkrumah's hope that this will provide an opportunity for him to fulfil his much desired ambitions of leading a federation of African states. If he makes this plain it will obviously arouse jealousies and suspicions in the minds of other African governments. On the other hand, Europeans in South African, Portuguese Angola and Mozambique, the Rhodesias and Kenya must all be saying self-righteously "we told you so."

9. This memorandum has been designed to point out the scale of problem presented by the Congo situation, and not to explore solutions. It is perhaps evident, however, that the search for both immediate and long-term solutions is of the greatest urgency.

4. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 228-60 [Ottawa], July 19, 1960

SECRET

CONGO: ROLE OF THE UNITED NATIONS

This memorandum contains supplementary information concerning United Nations appeals for specialists to provide administrative services for the United Nations Force in the Congo. The Cabinet may wish to have this information in considering the Secretary-General's enquiry to Canada concerning the United Nations need for personnel and equipment for signal and also for parts of the logistic support for the Force (paras. 8 – 11 of the Cabinet memorandum of July 15 and its enclosure). On July 18 the Secretary-General enquired urgently of the Permanent Representative of Canada to the United Nations whether a reply in principle on his earlier enquiry would be forthcoming.

2. The need for signals personnel for the Force is most urgent and in response to a query from the Department of External Affairs the United Nations Secretariat has asked General Von Horn, now in Leopoldville, for an urgent assessment of his probable needs as regards signalling personnel and equipment. In the meantime, the Secretary-General has turned to Tunisia for assistance in this regard but has learned that the Tunisians can supply only a small signals unit which would be quite inadequate for the Force. The Secretary-General is anxious to have a Canadian reply in principle, notwithstanding the absence of a detailed request, because he wishes to know whether he should approach other countries in order to obtain the necessary complement of signals personnel with equipment.

3. The Secretary-General has approached other member states for specialist support as follows:

(a) *Norway* - The Norwegian Government has agreed to provide two Otter aircraft and 15 pilots and mechanics for aerial reconnaissance and communications.

(b) *Sweden* - In response to a similar request the Swedish Government will provide 14 light aircraft and 10 pilots and mechanics.

(c) *Yugoslavia* – Similarly the Yugoslav Government has agreed in principle to provide light aircraft, pilots and mechanics.

(d) *United Arab Republic* – It has been requested to provide vehicle maintenance personnel but has not replied partly because no details of the request have been made available.

4. As part of the further build-up of the Force, the Secretary-General has asked for one battalion each from Sweden, Yugoslavia and Ireland to be added to the African contingents already in the Congo. The United Nations has also made a request to Burma and Haiti, probably for contingents smaller than a battalion. Presumably the Secretary-General has moved from the first phase of building up the Force from Africa to a second phase involving non-Africans. It appears, however, that he is not making requests to NATO Powers for combat troops.

5. The Permanent Mission confirmed that the Acting Commander of the Force (Major-General Alexander) had received a note from Prime Minister Lumumba to the effect that, if the Belgian troops in the Congo were not withdrawn in three days, Lumumba would appeal to the Soviet Union for troops. This ultimatum has been sharply rejected by Dr. Bunche, who informed Lumumba that the United Nations did not receive ultimatums from member states. Apparently the Congolese Senate has criticized the Prime Minister for his action which was considered an irresponsible flirtation with the Soviet Union.

6. The situation in the Congo is by no means under control yet. On July 18 there were press reports about a clash with casualties between Moroccan troops and Congolese mutineers. However, the United Nations Force has had some success in quelling disturbances.

Airlift from Pisa to Leopoldville

7. The United Nations is having difficulty in finding aircraft for transporting supplies for the Force and other U.N. agencies operating in the Congo. A staging area has been established at Pisa, Italy. The problem is to shuttle supplies from Pisa to Leopoldville. The Secretary-General has been unable as yet to decide on the needed frequency of supply flights and he has asked the Commander for an appreciation. As an initial step, however, and before alternative arrangements are made, the United Nations will try to airlift 50,000 lbs. of freight per day. The Secretary-General has formally asked whether he could have an indication as to whether and to what extent the Government of Canada might find it possible to provide any assistance in this field.

8. I would welcome the views of Cabinet on the response which might be given to the Secretary-General as regards the matters raised in this memorandum.

H.C. GREEN

5. DEA/6386-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 964 New York, July 19, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: Our Tel 957 Jul. 18.†
Repeat London, Washington, Paris, NATO Paris, Brussels from Ottawa (Information).
By Bag Lagos, Accra, Rome from London.

CONGO: APPEAL FOR AIR TRANSPORT

We have obtained from the UN Secretariat some further details concerning the Secretary-General's request for assistance in air lifting supplies for the UN force in Congo from Pisa to Leopoldville.

2. Only Italy and Canada were asked for this particular assistance. The Italians have not repeat not yet replied but on the assumption that the burden is equally shared the Secretariat is asking if we can provide enough North Star aircraft to put down in Leopoldville about twenty-five thousand pounds of freight per day for a thirty day period. This would presumably mean flying two aircraft per day from Pisa to Leopoldville. The thirty day period is the Secretariat's present estimate of the time required before a seagoing supply line can be established.

3. We should emphasize: (a) that the supplies to be airlifted are for the UN Force in the Congo (not repeat not for the Congolese population as was the case with the previous appeal for foodstuffs); and (b) that this air lift (in contrast again to the air lift for the foodstuff) will be on a reimbursable basis, as are all the other services provided for the UN Force.

6. DEA/6386-C-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], July 20, 1960

CONVERSATION WITH THE BELGIAN AMBASSADOR CONCERNING THE SITUATION IN THE CONGO

The Belgian Ambassador called on me by appointment this afternoon at 3.30 to discuss a message which he had just received from his Government. As the message was dated July 15 in large part it may have been superseded by subsequent developments.

2. The Belgian Ambassador stressed the general point that we are facing in the Congo an East-West struggle and in particular a Soviet attempt to take over. The Belgian officials who were alone in a position to administer the country and the officer personnel who could have turned the armed forces into an effective instrument to maintain order, have now been largely eliminated. There is a danger of a total collapse of the whole structure of Government and of a Communist take-over unless the United States and other friendly countries adopt publicly a firm position.

3. I said that we were concerned about the situation and alive to the possibilities of a Soviet coup. This was a most important point and any specific and detailed information which the Belgian Government could give us on a Communist infiltration would be very helpful. We appreciated that in many cases such infiltration was not overt and might be very difficult to document. I added I had witnessed, myself, in Indochina a Communist take-over and that for a while it seemed to me that the local French authorities had been greatly upset. There was a psychological shock involved in transfers of authority but I was sure that the Belgian authorities were taking this into account in making their assessment.

4. In the course of the conversation the Belgian Ambassador made three specific points:

(1) *Cooperation between Belgium and U.N. forces.*

The Belgian Government hope that U.N. forces will not intervene in regions which have remained peaceful or where Belgian troops are in effective control. I said that it seemed to me that the Secretary-General had this problem very much in mind but that it might be unwise to attempt to define too precisely just how far the UN troops should go in taking over from the Belgian units. It would be difficult to find legal justification for the presence of Belgian troops outside their treaty bases once peace and order had been restored and UN forces were in a position to take over.

The Belgian Ambassador said that his Government are of the opinion, that as a matter of priority, UN forces should attempt to restore order in the lower Congo and to liberate European nationals who are now being held prisoners. They should also restore port facilities in Matadi as such facilities are closely linked with the orderly flow of supplies into Leopoldville.

The Belgian authorities hope that UN forces will not intervene in the internal affairs of the Congo and, in particular, will not be despatched to Katanga. I said that from reports received from New York that the Secretary-General was very conscious of the difficulties in this regard. I raised the question whether it was not better to leave matters in the hands of the Secretary-General who seemed to have adopted a practical approach to achieve immediate results in the hope that theoretical issues could be settled later.

(2) As to Katanga, the Belgian Ambassador reported that his Government are anxious to avoid intervention in the internal affairs of that region. They have all along stressed the advantages of unity and maintained that the Congo as a whole is not viable without the resources of Katanga. They wish, however, to draw attention to the fact that order has now returned in Katanga and that there is, in that area, effective local government; the Katanga represents a stronghold of order in an area which is becoming increasingly disorganized. In spite of this, the Belgian Government hesitate very much to extend recognition as requested by the authorities of Katanga because of the danger of war which this would involve with the Congo, but they hope that other countries will extend such support as they can to that part of the Congo.

(3) As to the general situation in the Congo, the Belgian Government point out that, at least for the present, the normal process of government has been replaced by emergency decisions made by political agitators who are without contact with each other and with their constituents. For instance, the decision to break off diplomatic relations with Belgium was made by the Prime Minister who had not informed even his Foreign Minister! In the present circumstances, it seems that, in the lower Congo, the Government is unable to perform even the elementary tasks of Government. The policy of the Belgian Government, and one which they hope friendly governments will also adopt, is to encourage moderate elements so that, in due course, the situation may be stabilized.

5. The Belgian Ambassador expressed the hope that I would draw the above points to the attention of the Canadian authorities concerned and that they would bear them in mind whenever they had an opportunity to take action in relation to the Congo.[5]

M. C[ADIEUX]

7. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], July 21, 1960

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Veterans Affairs (Mr. Brooks),
The Solicitor General and Acting Secretary of State (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill) (for morning meeting only)
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness) (for morning meeting only)
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker) (for morning meeting only)
The Associate Minister of National Defence (Mr. Sévigny).
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

. . .

CONGO; ROLE OF THE UNITED NATIONS
(Previous reference July 19)

4. *The Secretary of State for External Affairs* had a memorandum circulated on the use of R.C.A.F. North Stars within the Congo.† He said that the Assistant Trade Commissioner in the Congo had reported that the assistance of R.C.A.F. aircraft for a few days in moving food supplies into and within the Congo would be invaluable. Mr. Maurice Pate, in charge of the United Nations food distribution, had asked whether R.C.A.F. aircraft could be sent for unloading at points in the Congo other than Leopoldville.

This latest request should be related to the Secretary-General's request set forth in a memorandum to Cabinet of July 20th,† also circulated, concerning the proposed airlift from Pisa to Leopoldville, because it was understood that the same four North Star aircraft would be involved in both requests. The arrangements for this airlift would last for 30 days. In so far as the cost of the operation was concerned, the United Nations intended that they should be entirely reimbursed.

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[5] Note marginale :/Marginal note:
Seen by the minister 21/7/60. [Ross Campbell]

He then referred to a further memorandum of July 20th,† which was circulated, with respect to signals specialists for the United Nations Force. There was an urgent need for such personnel for the U.N. Force in the Congo. The African countries, who were supplying military units, were unable to supply adequate signals components. The Commander of the U.N.E.F., in reply to an enquiry on the hope of seconding temporarily to the Force in the Congo a small detachment of Canadian signallers, who might serve as an advance party in setting up a communications system within the Force in Congo, had replied that he could not spare any personnel from the Canadian signals squadron with U.N.E.F. The United Nations Secretariat had suggested that the Force in the Congo might require a signal squadron of about 150 all ranks. The problems of communication would be different to those now faced by U.N.E.F., and equipment requirements would also be different.

The Minister recommended that the Cabinet approve the provision of the necessary aircraft, crews and maintenance personnel to support 4 active North Stars to transport supplies and equipment for the United Nations Force to and within the Congo and also for the shuttle airlift from Pisa to Leopoldville. He also recommended that the request of the United Nations for Canadian signals personnel with appropriate equipment be made available as soon as the troops had been immunized against tropical diseases.

(Minister's memoranda, July 21, and July 20, Cab. Docs. 238-60, 236-60 and 237-60).

5. *The Minister of National Defence* reported that a Canadian Officer was at the moment in New York discussing with U.N. personnel the arrangements to provide Canadian signal specialists for the U.N. Force in the Congo. He pointed out that the cost of the necessary equipment would be approximately $1 million. It might be possible to reduce the equipment required after further consultations. Since he anticipated that the Congo operation might last for a long time, he was anxious to obtain authority to replace the equipment in Canada at once. In answer to a question, he said that there was no advance party ready to proceed to the Congo at once from Canada, since it would take between three and four weeks to immunize the personnel against tropical diseases. He noted that the note which he had just been handed referred to the probable necessity of sending approximately 200 men to establish supply depots in the Congo. These men would probably have to be supplied by the Royal Canadian Army Service Corps. Together with the signals personnel, the total Canadian Force in the Congo within the next three or four weeks might number 500. It would be necessary to begin immunization that day and to cancel the leave of the troops who were to take leave in August. This, of course, would leak at once to the public. It would, therefore, seem appropriate to make a statement in the House that day.

6. During the discussion the following points were brought out:

(a) A senior Air Force Officer should be instructed to discuss with Mr. Pate, in charge of the United Nations food distribution in the Congo, the arrangements regarding the use of R.C.A.F. North Stars.

(b) The Secretary-General of the United Nations should be informed that since it would take at least three weeks to immunize military personnel in Canada against tropical diseases, he might wish to consider allowing an advance party of Canadian signallers from U.N.E.F. to proceed to the Congo to set up a communications system. After the period of immunization, the Cabinet could decide, in the light of the circumstances, whether additional Canadian personnel should in fact be sent to the Congo.

(c) The present plans should be limited to the provision of signals personnel only, but there was no reason why the personnel for the supply depots should not also be immunized.

7. The Cabinet,

(a) approved the provision of the necessary aircraft, crews and maintenance personnel to support four active North Stars to transport supplies and equipment for the United Nations

Force (1) to and within the Congo (2) for the shuttle airlift from Pisa to Leopoldville; it being understood that a senior Royal Canadian Air Force Officer would discuss the necessary arrangements with Mr. Maurice Pate, in charge of the United Nations food distribution; and,

(b) agreed,

(i) that the United Nations Secretary-General be informed that, since it would take at least three weeks to immunize signals specialists in Canada against tropical diseases he might wish to consider allowing a small group of Canadian signallers from U.N.E.F. to serve as an advance party to set up a communication system within the U.N. Force in the Congo; and,

(ii) that the necessary signal, logistic and administrative personnel of the Canadian Army be immunized against tropical diseases to meet the requirement that would arise should it be decided to establish signal and logistic units in the Congo.

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8. DEA/6386-C-40

Note de l' adjoint spécial au secrétaire d'État aux Affaires extérieures pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Special Assistant to Secretary of State for External Affairs to Under-Secretary of State for External Affairs

[Ottawa], July 23, 1960

CONGO — MODIFICATION OF THE USE OF THE RCAF NORTH STARS

After receipt of the information that the four North Stars had been placed under United Nations command and were being utilized for the airlifting of Moroccan troops, the Minister consulted with Mr. Pearkes and they agreed that the following message should be sent by External Affairs to the Acting Trade Commissioner in Leopoldville and to the Permanent Mission in New York, and by the RCAF to Air Transport Command, the Senior RCAF Officer, Leopoldville, and to Air Commodore Carpenter in Paris;

"From now on use of the R.C.A.F. North Stars is to be restricted to the transport of supplies and equipment for the UN force from Pisa to Leopoldville by shuttle service for a period of 30 days from July 21. The use of these aircraft for the transportation of troops is not authorized by Cabinet and is to cease forthwith."

2. In deciding upon the text of this message, the Minister was aware that it would have the incidental effect of eliminating two other uses of the aircraft previously authorized: the evacuation of refugees and the emergency transportation of food supplies to and within the Congo.

3. Air Vice Marshall Miller was present when the above text was decided upon and undertook to pass it to RCAF addressees concerned.[6]

ROSS CAMPBELL

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[6] Note marginale :/Marginal note:
Noted. N.A. R[obertson]

9. DEA/6386-40

L'ambassadeur en Belgique
au secrétaire d'État aux Affaires extérieures

Ambassador in Belgium
to Secretary of State for External Affairs

TELEGRAM 498 Brussels, July 27, 1960

CONFIDENTIAL. PRIORITY.

Reference: Your Tel M-458 Jul 25.†
Repeat London, Washington, NATO Paris, Paris, Permis New York (Information).
By Bag Lisbon, Accra, Pretoria, Lagos.

CONGO: WITHDRAWAL OF BELGIAN TROOPS

I think we have come to about the same conclusions as you have. Specifically I think we should do what we can to keep the interpretation of the Security Council Resolution[7] flexible as Belgians have requested. By doing so we would avoid adding to the already very serious domestic political difficulties of Belgian government. I think Belgians will continue to be reasonable if they are not repeat not pushed too hard. At the same time we should quietly press Belgians to begin to withdraw some troops from Congo to Belgium as soon as local conditions permit. The arrival of some 8,000 UN troops in Congo would seem prima facie justification for at least a token withdrawal which should be a further calming influence and should help create an atmosphere in which the main problems might more easily be solved. I would prefer Canada apply any such pressure through NATO and the UN rather than directly as UK is planning to do since our interests and responsibilities in Africa are more general.

2. As for Belgian military bases in Congo, the essence of the problem seems to me to be not repeat not Belgian right to them under the treaty of friendship, though this might be evoked to gain time, but whether the bases are really needed. With Congo independent and no repeat no other overseas territory, Belgium cannot repeat not justifiably claim on her own account to need Congo bases after order is restored.

3. In general we think that we should, when framing a Canadian policy, bear in mind the attainment of three main objectives: first the restoration of order; secondly the restoration of unity; and thirdly, restoring conditions under which relatively normal life of the Nation can be resumed.

4. (A) On the first problem, order is in the course of being restored by the UN. The policy is established and is now being implemented. Evidence of good faith on all sides seems more important than the speed at which the UN troops replace Belgian, especially in the Katanga; hence the importance in our mind of at least a token Belgian withdrawal. (B) As for the restoration of unity, the best hope seems to lie in some new arrangement between Katanga and Congo proper on a confederal basis, but such an arrangement does not repeat not seem possible until Congolese leaders are more surely in the saddle, whether these be Kasavubu and Lumumba or their successors. This would seem to depend on achieving the third objective: re-establishing relatively normal conditions under which the social, economic and political life of the country could resume. And this in turn depends on outside help. To mitigate the cold-war aspect, this help should come from the UN, the UN in mufti.

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[7] C'était la résolution du 14 juillet.
This was the resolution of July 14.

5. For all of these objectives the more time we can gain the better. A phased withdrawal would be politically easier for Belgians and would facilitate the practical side of the UN operations. On the question of unity. Tshombe is showing some disposition to modify his claim for complete independence in favour of a new deal for the provinces and time is needed to encourage this tendency, to find a basis for a rapprochement and to establish the authority of Congolese leaders with whom he would have to negotiate.

6. Above all time is needed for the most difficult of the problems. The building up of a cadre of advisers and technicians. These would have a better chance of succeeding if they could work for some time while the UN troops are still there.

[SYDNEY] PIERCE

10. DEA/6386-C-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], July 27, 1960

UNITED NATIONS OPERATIONS IN THE CONGO

During the past few weeks, while the situation in the Congo and events at the United Nations have been developing so swiftly, we have had little opportunity to assess the extent and significance of these developments but it does seem worthwhile now to make some comment on them, especially about the role of the United Nations in the Congo. You are already aware that the Secretary-General is following a three-point programme, involving an emergency stopgap arrangement for meeting the disturbed situation in the Congo, a crash programme of supply and distribution to meet the food shortage, and a longer term programme of technical assistance designed to rebuild the administrative services of the Congolese Government. In addition to these practical steps but very closely related to them, the Secretary-General, acting himself or through his representatives in Leopoldville, is engaged in detailed negotiations, mainly with the Government of Belgium but also involving other governments, for implementing the United Nations programme in the Congo.

Extent

2. The complexity of the problems facing the United Nations is enormous. Already the United Nations military Force in the Congo is almost double the size of UNEF; the national contingents are drawn from member states with much less experience than those who provided contingents for UNEF; there is a language problem which adds greatly to the difficulties of administering a mixed Force; and, of course, the geographical area to be covered by the Force is immense, aggravating the problems of communications, transportation and supply.

3. While the Force has been effective in the early days of its establishment in moving into areas of disturbance and replacing both the Belgian troops and the Force Publique as the means of maintaining law and order, in a very short time the United Nations Force may find itself in serious administrative difficulty. Strenuous efforts are being made to organize a command headquarters at Leopoldville and sub-commands in other principal locations but quite obviously the time will soon arrive when emergency arrangements will have to be replaced by an orderly system, especially as regards communications and logistic support. The likelihood is that the various battalions arriving in the Congo were provided with sufficient supplies and equipment to enable them to operate for a short time without logistic support but the need for

rapidly developing an administrative tail is self-evident. In this regard, the importance of the Secretary-General's two-fold request to Canada for communications and logistics personnel and equipment cannot be over-emphasized.

4. The need for technical assistance may be a problem of lower priority than the establishment of the Force but only relatively so. The departure of the Belgians and other Europeans has left the Congolese Government virtually without administrative services and has also greatly reduced private services, like doctors and nurses. While no serious health problem has arisen yet, there is grave danger of one developing and the United Nations has been taking steps to meet that situation. The number of technicians and administrators needed for reorganizing administration in the Congo is staggering, especially since it will be necessary to bring this technical assistance to bear quickly. The United Nations is reasonably well-equipped to recruit personnel for technical assistance but the response from member states will have to be generously forthcoming if the situation in the Congo is to be met.

5. On the political side, the primary problem is for the Secretary-General to reach agreement with Belgium on the withdrawal of its military forces. On July 26 the Secretary-General travelled to Brussels for direct talks with the Belgian Government after three days' discussion with Prime Minister Lumumba in New York. The Secretary-General may need all his resources of diplomatic skill and patience in order to persuade the Belgians, who are understandably disturbed by the turn of events in the Congo. I have no doubt that the Secretary-General will try to arrange for a dignified Belgian withdrawal which will be fully consistent with Belgium's rights and other interests in the Congo. Undoubtedly, the nub of the difficulty may be the future status of Katanga Province. However, even in this regard the Secretary-General can be expected to strive for a peaceful solution through negotiation and agreement. It would be against his nature and indeed impracticable in United Nations terms for the Secretary-General to seek to impose on Belgium and on Katanga some solution which they consider detrimental.

6. As regards Katanga, it seems inconceivable that it could long exist as an independent African state supported by Belgium and its Western allies. While it is true that Katanga possesses the natural resources for economic viability, which the rest of the Congo does not, the likelihood is that the strong wind of nationalism blowing today in Africa would quickly sweep away Premier Tshombe, his followers and his supporters from the outside. It seems inconceivable that a régime, supported by white interests, could long survive as an enclave in the midst of emerging black nations. The pressures from without on the political situation within Katanga would be irresistible and whatever the West might hope to gain from supporting Premier Tshombe would soon be lost to extremists of the left. As well, the West would have incurred the bitter animosity of the surrounding African nations, which would include African members of the Commonwealth.

7. The alternative is to back the United Nations effort to bring about an agreed solution. It is undoubtedly the Secretary-General's aim to remove the Congo situation and indeed all political problems in Africa from the context of the cold war. This has been his technique in Middle East and in South-East Asia. He is persuaded that, not only is the cause of peace served by this technique, but also the best interests of the Western Powers. As Secretary-General of the United Nations, Mr. Hammarskjöld does not consciously work for the interests of any group of powers, but he has never tried to hide that his outlook is Western and it has generally been accepted as such by the Western Powers. In dealing with the Belgians, he faces formidable opponents, who have military and economic interests in the Congo. It is already clear that some sections of the press have tried to discredit the United Nations effort in the Congo by circulating false reports (about clashes between United Nations troops and the Force Publique) and distorted descriptions of the United Nations attitude (the London *Daily Mail*

apparently misinterpreted General Von Horn's remarks about the entry of the Force into Katanga).

Significance

8. The significance of the United Nations role in the Congo cannot be fully measured at this time but there is no doubt that it has far-reaching implications for the Congo, for Africa and for the United Nations itself. Success in the Congo may lay the groundwork for many other operations of the United Nations in Africa, especially as regards the peaceful parts of the programme. Success for the United Nations in the Congo and in Africa might establish the Organization firmly as the strongest influence for peace in the world. Undoubtedly, success in the Congo will rally public support but with that public support must come the material support, as distinct from lip service from member states. Failure, on the other hand, in the Congo might mean the final failure of the United Nations.

9. To meet the needs of the practical operations in the Congo, there has been a heartening response from member states representing all shades of opinion in the United Nations. Even the Soviet bloc has supported the United Nations effort in the Security Council and has provided material assistance. The response of the African states themselves, considering their own weaknesses, has been most encouraging. Undoubtedly, this is the response to an emergency situation; the task will be to sustain the effort in the months to come.

10. A serious and sizable problem will be the financing of the United Nations Operations in the Congo. The bill for the Force alone will greatly surpass even the expensive UNEF venture. The hope is, however, that the United Nations political stake in the Congo and in Africa generally will be considered sufficiently important to persuade them that this time the political decisions of the Organization must be backed fully with material means. This applies particularly to the Soviet bloc but as well other member states who have been just as delinquent in responding to United Nations needs in the past in comparable situations. Indeed, the United Nations response in the Congo must be regarded as marking the breakup of the log-jam in rendering material support to the Organization in its programmes of political, technical and economic assistance. If this hope is not realized, the United Nations will find itself in an impossible financial situation which may threaten its very survival.

11. You may agree that it is useful to have this assessment in mind when the Cabinet is considering the United Nations request for signals and logistic support for the Force. The assessment is also related to what Canada's attitude might be as regards the Secretary-General's negotiations with Belgium and with particular reference to the situation in Katanga. You will have seen that the United Kingdom, faced with grave problems itself in Africa, is disposed to use its influence to persuade the Belgians to withdraw its military forces completely from all parts of the Congo. The whole situation is so delicate that we would be well advised to be cautious in our own approach. Finally, we shall be required to keep the many questions under constant review in order to have our assessment of all its implications up-to-date.

N.A. R[OBERTSON]

11. PCO

Note du secrétaire d'État aux Affaires extérieures et le ministre de la Défense nationale pour le Cabinet

Memorandum from Secretary of State for External Affairs and Minister of National Defence to Cabinet

CABINET DOCUMENT NO. 243-60 [Ottawa], July [28], 1960

SECRET

CANADIAN CONTRIBUTION TO THE UNITED NATIONS EMERGENCY FORCE IN THE CONGO REPUBLIC

1. On July 15, the United Nations Secretary-General asked the Government of Canada for an early indication as to whether Canada would be in a position to provide the United Nations with personnel and equipment for signals and also for parts of the logistic support for the United Nations Force in the Republic of Congo. It was understood that the Secretary-General's enquiry would be stated more precisely in the course of consultations about it. On July 20-21 the Secretary-General's enquiry was explored in some detail in conversations in New York between Major-General Alexander and Mr. Henry Labouisse on the United Nations side, and Brigadier Bishop and Colonel Clement on the Canadian side.

2. The organizational structure envisaged for the United Nations Force is as follows: Headquarters United Nations Organization Congo (UNOC) at Leopoldville which will be a combined military-civilian command unit, including the Force Commander and the senior representative of the Secretary-General; four brigades (consisting in all of about 15 battalions) with headquarters in Leopoldville, Stanleyville, Luluabourg and Bukavu (Costermansville).

3. The assistance requested initially of Canada consisted of:

(a) a signal net to provide wireless communications between each of the four brigade headquarters and headquarters UNOC,

(b) internal communications for headquarters UNOC,

(c) ground to air communications at each brigade headquarters; and,

(d) organization and supervisory personnel for four composite logistic depots, one for each brigade headquarters, each capable of providing for four major units.

Because of uncertainty as to whether or not Canada would supply the troops originally requested by the Secretary-General, Major-General Von Horn has arranged for the communication networks from the headquarters in Leopoldville to the four brigade headquarters by employing civilian personnel. Since then, further revisions to the initial request have been received.

4. Consequent to the change in arrangements, as outlined above, the assistance requested of Canada now consists of the following items:

(a) In Leopoldville the signal detachment at Headquarters, UNOC including the signal office, message centre, a 100-line switchboard, linemen and despatch riders.

(b) Five ground to air communication links, and possibly two more later.

(c) Twelve mobile wireless detachments.

(d) Eight cipher detachments.

(e) The original request for four composite logistic depots may be withdrawn.

5. It is estimated, based on the limited information now available, that personnel in the following numbers will be required to meet the most recent request:

(a) Signals — about 200 officers and men.

(b) Logistic depots for four brigades (if required) — 399 officers and men.

(c) Canadian command, liaison and administration — 18 officers and men. If logistic depots are NOT provided, the administrative section would need to be increased to include certain individuals who are now included in the logistic depots in (b) above. (e.g. medical officers, paymaster, cooks, etc.).

6. The Canadian Army is now preparing personnel to meet these requirements. However, some of the personnel selected to meet the original request may not be suitable for the new role, and in consequence additional and different individuals may have to be selected and prepared. The Canadian Army can provide the number of signallers to meet the present request. All the necessary equipment can NOT, however, be provided from Canadian stocks.

7. All indications are that the United Nations operation in the Congo is proceeding as well as can be expected under the circumstances. Under an agreed programme, the Belgian military forces are being withdrawn as quickly as United Nations troops can be deployed for the purpose of maintaining order and protecting property and lives. When the United Nations Force moves in, it disarms the Force Publique of the Congo and assumes its security role. The process of re-organizing the Force Publique is a priority part of the United Nations administrative assistance but the United Nations programme calls for this re-organization after the Belgian troops have been withdrawn and the United Nations Force is firmly established to maintain order. There is every indication that the United Nations is tackling with despatch and efficiency the many difficult problems facing the Organization in the Congo. Every effort is being made to resolve political problems, like the one in Katanga Province, through negotiation and agreement.

8. As for conditions in the Congo, there appears to be no anti-white sentiment among the Congolese but only anti-Belgian. General Alexander foresaw no danger to white personnel serving with the United Nations, so that non-combatant Canadian support troops need to be supplied with personal weapons only.

9. Notwithstanding its early successes on the ground, the United Nations Force is faced with formidable problems of administration and communications. Many of the smaller members of the United Nations do not have the experience necessary for giving adequate administrative support to a mixed force. The language problem in the Congo also poses a difficulty. Canada is admirably suited to provide the assistance contemplated in the Secretary-General's request. Now that the Force contains non-African elements, as well as a large African combat component, there is no political objection to adding white personnel to the Force, even those from NATO countries.

Recommendation

10. It is therefore recommended as a matter of urgency that Canada provide the necessary military forces, including equipment, made up as follows:

(a) A signal detachment at headquarters UNOC in Leopoldville, including a signals office, message centre, 100-line switchboard, linemen and despatch riders.

(b) Five ground to air communication links.

(c) Twelve mobile wireless detachments.

(d) Eight cypher detachments.

(e) Organization and supervisory personnel for four composite logistic depots, one for each brigade, if required.

(f) A small headquarters for the command and administration of Canadian troops in the Congo.

11. To this end, the following authorities are requested:

(a) Authority is requested for the maintenance on active service of officers and men of the Royal Canadian Navy, the Canadian Army and the Royal Canadian Air Force, not exceeding 1,000 in number at any one time, as a part of or in immediate support of, an emergency international force under the United Nations to restore and maintain law and order in the Republic of Congo.

(b) Authority is requested to take all steps necessary to prepare troops for despatch from Canada as soon as possible. In particular, this will entail: (i) formation of such new units within the Services as may be required; (ii) selection of soldiers; (iii) immunization of soldiers; (iv) concentration of soldiers and their equipment; and (v) movement of soldiers and equipment to the Congo by the most expeditious means.

(c) It is not possible to submit final tables of organizations and equipment for this contingent until more detailed information on tasks, and conditions under which these tasks will be carried out, is available. In order to obtain this information as soon as possible, authority is requested to despatch a reconnaissance team not exceeding 20 officers and men to the Congo immediately.

(d) To the extent that satisfactory items of equipment are available, the contingent will be equipped from Canadian stocks. Authority is requested, however, for the procurement of such specialized items as signals equipment as may be necessary to carry out the assigned role. Equipment will, where possible, be purchased from Canadian sources of supply but may have to be obtained from the United States either by direct procurement or by provision by the United States to the United Nations.

(e) In order to supply reliable communications, authority is requested to negotiate with the Secretary-General of the United Nations, and as a result of these negotiations, to establish a direct wireless teleprinter link, to include cypher facilities between Ottawa and the Congo. It is believed that this can be achieved economically by using existing communications from Ottawa to Nairobi and extending a link from Nairobi to Leopoldville.

(f) It should be assumed that financial arrangements will be made with the United Nations similar to those in effect for the United Nations Emergency Force in the Middle East. Under those arrangements the United Nations accepts, in general, the responsibility for extra costs to Canada arising from participation in the Force. The experience of the Canadian contribution to that Force indicates costs to Canada of approximately $170,000 per year in excess of the cost of maintaining these troops in Canada. This figure does not include foreign allowances which, to date, have been recovered from the United Nations. With present information available there is no basis for estimating the extra cost which might be involved in sending Canadian troops to the Congo. However, authority is requested to provide pay and allowances to Canadian troops in the United Nations Force in the Congo on the same basis as now paid to Canadian troops in the Middle East.

H.C. GREEN
G.R. PEARKES

12. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], July 28, 1960

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General and Acting Secretary of State (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Martin).

. . .

CONGO SITUATION; CONTRIBUTION TO THE UNITED NATIONS EMERGENCY FORCE
(Previous reference July 21)

11. *The Secretary of State for External Affairs* said that Prime Minister Lumumba of the Congo was coming to Ottawa the following day and would presumably be requesting aid as he had done in the United States. The U.S. Secretary of State had told Lumumba the U.S. would be glad to provide aid through United Nations channels. That would seem the best course for Canada to follow too, if it were decided to give assistance to the Congo. The situation regarding Katanga was very delicate. Canada should be careful not to get committed publicly to support the return of Katanga to the Congo. Katanga so far was friendly to the West. The United Nations was working to ensure that Katanga remained a part of the Congo.

12. *The Minister of National Defence* then turned to the question of what should be done in response to the request of the U.N. Secretary-General for personnel and equipment for signals and also for the logistic support for the U.N. force in the Congo. Things were moving very swiftly and the U.N. requirement was constantly changing. However, the crux of the situation was whether Canada was prepared to say that signals and perhaps logistic personnel and equipment would be sent. The assistance requested of Canada was as follows:

(a) In Leopoldville, the signal detachment at Headquarters, UNOC, including the signal office, message centre, a 100-line switch-board, linemen and despatch riders.

(b) Five ground to air communication links, and possibly two more later.

(c) Twelve mobile wireless detachments.

(d) Eight cypher detachments.

(e) The original request for four composite logistic depots (this might be withdrawn).

13. *Mr. Pearkes* suggested that the U.N. be informed that 200 troops were available for the first four of these items, to be used to the best advantage under the U.N., on the understanding that no detachment would be stationed at lower than Brigade Headquarters level. He entered this caveat because the battalion units, of which all but two were non-European, would be operating independently under conditions which Canadian soldiers would find very difficult. In addition, the restriction on the use of R.C.A.F. aircraft already sent to operate between Pisa and Leopoldville should be removed. Finally, a small Headquarters for Canada's forces in the area should be authorized. A few personnel as an advance party should be sent immediately, and the remainder concentrated in Canada to be moved as soon as possible.

14. *Mr. Green* said that, notwithstanding the evidence of confusion and disorder in the Congo, it was amazing what the U.N. had accomplished. The Belgians were withdrawing. U.N. intervention had meant the exclusion of Soviet and United States forces from the area thus preventing what would probably have been a very tense and difficult situation. Much had been made of Canada's support of the United Nations. Not to do what the Minister of National Defence had suggested would be a mistake. Accordingly, he agreed that the necessary authority be given to send the 200 personnel to the Congo.

15. *During the discussion* the following points emerged:

(a) Parliament's approval should be sought for sending a force of this size outside of the country. This could take the form of a resolution, a specific vote in the estimate or a report and discussion on the estimates of the Minister of National Defence. Legally it was not necessary to take such steps as these but similar procedures had been followed for U.N.E.F. and the troops for Korea.

(b) Some expressed serious reservations about sending troops into such a chaotic situation. On the other hand it would be difficult to refuse the U.N. request.

(c) Authority should be provided to make 500 men available for the operation in the Congo in order to provide for rotation, illness, etc.

16. *The Cabinet* agreed,

(a) that authority should be granted by Order in Council for the despatch and maintenance abroad of up to 500 officers and men of the Canadian Forces as part of or in support of the United Nations operations in the Congo;

(b) that approximately 200 officers and men be provided as soon as possible for signals and communications services;

(c) that none of the Canadian personnel should be attached to units below Brigade Headquarters level; and,

(d) that Parliament's approval be obtained for sending these forces to the Congo by the passing of an appropriate supplementary estimate.

R.B. BRYCE
Secretary to the Cabinet

13. PCO

Note du ministre de la Défense nationale pour le Cabinet

Memorandum from Minister of National Defence to Cabinet

CABINET DOCUMENT 247-60 Ottawa, July 29, 1960

SECRET

CANADIAN CONTRIBUTION TO THE UNITED NATIONS EMERGENCY FORCE IN THE CONGO REPUBLIC

(The following is an additional paper to Cabinet Document 243-60, already circulated)

1. Agree that it is necessary for the government to reach a decision forthwith as to whether or not any Canadian troops are going to be sent to the Congo.

2. That 200 personnel of the Royal Canadian Signal Corps can be despatched; these to be employed to the best advantage provided that, in principle, they are concentrated as much as possible and that under no circumstances they be deployed below the Brigade Headquarters, which I understand are in established centres where the health and welfare of Canadian troops can be better protected.

3. That if Signal personnel are to be deployed outside of Leopoldville, the restriction placed on the R.C.A.F. that they are not to carry any supplies or equipment elsewhere in the Congo than Leopoldville be lifted so that, if necessary, R.C.A.F. transport can supply Royal Canadian Signal Corps detachments.

4. Canada will not be able to supply all the equipment that is indicated as being required.

5. Agree that logistic personnel be not sent.

6. Agree that a reconnaissance party be sent forthwith. A limited number of personnel are already immunized and this party could be selected from those now ready.

7. That troops to be sent to the Congo should be concentrated in Canada immediately and that they should be despatched to the Congo individually as they become ready and transport is available.

8. Owing to the uncertainty as to actual numbers, I concur in the recommendation that approval be obtained to send troops not exceeding 1,000 in number.

G.R. PEARKES

14. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], July 30, 1960

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks) (for morning meeting only)
The Minister of Transport (Mr. Hees),
The Solicitor General and Acting Secretary of State (Mr. Balcer) (for morning meeting only)
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill)

The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness)
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr) (for morning meeting only)
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Associate Minister of National Defence (Mr. Sévigny).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Fournier),
The Registrar of the Cabinet (Mr. Halliday).

FORCES FOR THE CONGO
(Previous reference July 28)

1. *The Prime Minister* referred to a draft announcement which had been prepared in connection with the sending of Canadian forces to the Congo.

He raised the question of whether the consent of Parliament should be obtained. Parliament should be given an opportunity to express itself on this important matter, either by resolution or approval of an appropriation. Should the Government not authorize the necessary force by Order in Council?

2. *The Minister of National Defence* referred to the question of supplies for the Canadian personnel sent. Should the personnel be deployed outside of Leopoldville, there would be no method of supplying them unless the present restriction that the R.C.A.F. was not to carry any supplies or equipment elsewhere in the Congo than Leopoldville was lifted. He had made enquiries in this connection and found out that the best aircraft available for supplying detachments would be the Caribou aircraft developed in Canada for army operations. He thought four aircraft would be desirable. At the moment, there were two demonstrators, which could be made immediately available. A third one could be ready in September and the fourth in October. It was evident, of course, that this would stimulate the aircraft industry in the Toronto region. The total approximate cost would be about $2.8 million. These aircraft, of course, could be used by National Defence once the operations in the Congo were terminated.

3. *During the discussion* the following points were raised:

(a) Some felt that, in view of the fact that the operation contemplated was on a small scale, it would not be wise to give it too much attention. The public had been prepared already by the press and probably thought that the forces were already on their way. The best procedure seemed to be to supplement the items in the National Defence estimates by one providing that the funds already included could be used to meet the costs of the military personnel in the Congo.

(b) On the other hand, most thought that a formal resolution enabling all parties to indicate their stand by means of a vote on this issue would be preferable in the circumstances. The conditions under which the force would have to operate in the Congo would be entirely different to those in Egypt. Climatic conditions, the possibility of diseases, etc., added to the unrest in the population, could result in serious casualties among the forces. It was most unlikely that the Opposition would oppose the sending of the force. On the contrary, they might say that the force was too limited in number.

(c) It was felt that the size of the proposed force should not be indicated either in the resolution or in the estimates. This should be reserved for the Governor in Council to determine in the light of the circumstances of the moment. No Order in Council would be issued until the resolution had been passed.

It would be clearly understood that the resolution of the House should be sent to the Senate for its concurrence. There would be only one resolution.

4. *The Cabinet* agreed,

(a) that a resolution be introduced in the House of Commons and sent to the Senate for concurrence, stating that it was expedient that the Houses of Parliament approve the participation of the Canadian force in the United Nations operations in the Congo; and,

(b) that arrangements be made to provide the Canadian forces with four Caribou aircraft for use in support of United Nations Operations in the Congo, and subsequently, for other purposes.

. . .

15. DEA/6386-D-40

Extrait du livre des instructions pour le premier ministre

Extract from Briefing Book for the Prime Minister

CONFIDENTIAL Ottawa, July 29-31, 1960

VISIT OF PRIME MINISTER LUMUMBA

. . .

According to statements made by Mr. Lumumba he has come to Canada because he and his people have been attracted by this country "as a French-speaking one" and he wishes to express his goodwill. More specifically he has said that he hopes to find some French-speaking Canadians who might be willing to work in the Congo. He perhaps also hopes to secure Canadian political support in his contests with the Belgians and with the seceding Katangans. Finally, it doubtless enhances his prestige at home to have been received by heads of other governments.

Mr. Lumumba, after a short stop in London, has been in New York discussing with the Secretary-General United Nations action in the Congo and the question of Belgian forces. He went to Washington on Wednesday of this week with the stated purpose of securing economic assistance. He was well received and was given general assurances of help on the understanding that such help would have to go through the United Nations channel, a condition which he cheerfully accepted. We do not yet know what political discussion occurred in Washington. He was an official but not a state guest there and was received by Secretary of State Herter. (The President and the Vice President were away.) He also met Mr. Eugene Black, President of the Bank for Reconstruction and Development. The Congolese portion of his party begins its homeward journey, through New York and London, on Sunday morning.

There are only five Congolese in the party, of whom only one besides the Prime Minister is known to be a person of rank. This is Mr. Joseph Kasongo, President of the Chamber of Deputies. Mr. W.F. Bull, who was our special representative at the Congolese independence ceremonies, heard good things about this man when Mr. Bull was in Leopoldville.

Very interestingly the Prime Minister is accompanied by Mr. Diallo Telli, who is the Guinean Ambassador to the United States, and by the Guinean Press Attaché in Washington. Our Permanent Mission in New York and our Embassy in Washington both report that there is keen rivalry among the representatives of Guinea, Ghana and other African countries in New York and Washington with respect to the provision of initiative and leadership in connection with Mr. Lumumba's visit to the United States. In this struggle the Guineans made the most of the advantage they possess in speaking French. Guinea, while professedly neutral, is, as you know, much oriented toward Eastern Europe. We did not intentionally invite these Guineans who therefore may be regarded as guests of our guest of honour. Departmentally, of course, we shall be civil to the Guineans but we intend to deal with the Congolese directly and not through the Guineans. We can hope that the Guineans will not be a nuisance in respect to the press or the public.

Two Ghanaians who have been travelling with Mr. Lumumba in the United States, have also come here. One is Mr. Quaison-Sackey, Ghanaian Ambassador to the United Nations who expects to become Ghanaian High Commissioner in Ottawa. The other is in an information officer.

Mr. Hammarskjöld has vividly described Mr. Lumumba as "very responsive to friendship and to frankness, impressionable but apt to be swayed by changing influences" and especially by the last person or group to exert influence. He is "ignorant, very suspicious, shrewd but immature in his ideas — the smallest in scope of any of the African leaders" known to the Secretary-General. Our chargé in Washington describes him as socially inept but apparently desirous of pleasing, and "simple and unassuming in private conversation." Our Ambassador to the United Nations found him "tired and bewildered by New York." A short biographical sketch is attached to this brief.†

We know little about Mr. Lumumba's political position among his own people. The press reports that parliament has been recessed. Mr. Kasavubu is President of the republic and is both Mr. Lumumba's colleague and principal rival. We believe Mr. Lumumba not to be a communist although there are a number of communists in his Cabinet. Although observers had forecast possibly serious disorders in the Congo, it cannot be judged how far the present difficulties were communist inspired. The Prime Minister describes himself as neutral in East-West politics. He is in fact playing each side against the other politically and economically and will probably continue to do so as long as he considers this to be profitable.

While perhaps Mr. Lumumba's remarks may make it necessary to discuss with him East-West relations and the international scene generally, it seems to be doubtful whether it would be desirable for us to go into these matters further than his initiative in the conversation may force us to. As to Congolese politics, you are aware that the Belgian Chargé d'Affaires has made strong representations against Mr. Lumumba's visit. Doubtless you will wish to emphasize that we are friends and wish to remain friends of Belgians and Congolese and to assist each of them in what must be their common endeavour to re-establish a peaceful and economically viable country. Mr. Lumumba through inexperience may on his arrival embarrass us, as he has embarrassed the Americans, by attacking the Belgians in public.

The following pages contain a few notes about subjects which Mr. Lumumba may raise. In respect to economic or technical assistance, if any assurances are given it would seem necessary to reiterate that the United Nations channel will have to be used. This is indeed probably the only practicable channel. (We have now learned that this will also be the American procedure.)

It would be helpful if one particular matter could be taken up directly with Mr. Lumumba. Our Acting Trade Commissioner in Leopoldville has asked the Congolese authorities for an agrément to raise the status of our office to a consulate-general and to hope to be able to send

one of our foreign service officers to Leopoldville as consul-général in the very near future. You may wish to inform Mr. Lumumba of this decision and ask him to do whatever he can to expedite our request.

Economic Aid

Mr. Lumumba will wish to discuss recruitment of French-speaking technicians in a wide variety of fields for service in the Congo. He has not explicitly stated that he will seek financial assistance from the Canadian Government for this purpose, but as the Congo is in serious financial difficulties, it is reasonable to assume that Mr. Lumumba has Canadian-financed technical assistance in mind.

None of the existing Canadian external aid programmes includes the Congo, or could be applied to it under the terms of the appropriations made by Parliament. There are, therefore, no funds available for Canadian technical assistance to the Congo, and new appropriations would have to be sought if it were decided to undertake an aid programme there. Strictly from the economic standpoint, there is at present far too little information available about the precise needs of the Congo for any recommendation to be made on what bilateral aid Canada might undertake to provide. For this reason, because the magnitude of the Commonwealth economic development programme for Africa which was discussed at the Commonwealth Prime Ministers' Conference has not yet been decided upon, and because Canadian aid for the Congo would probably give rise to requests for similar aid from other French-speaking territories in Africa, it would seem preferable to avoid any commitment to Mr. Lumumba.

The Congolese interest in obtaining aid from Canada arises in part, at least, from the fact that Canada is the only extra-European country with substantial training facilities in the French language and a large pool of French-speaking expert personnel. Provided that these resources are not over-burdened to the extent that Canada's own requirements cannot be met, the existing arrangements whereby the Canadian Government gives administrative assistance to some non-Canadian agencies in placing trainees in Canada and recruiting Canadian experts for service abroad could be used for the benefit of the Congo. Aid-giving agencies in the United States (public and private) and the United Nations have already expressed an interest in obtaining Canadian cooperation for this purpose. The assistance of the Canadian departments concerned can be provided at no direct cost.

It would, therefore, be possible to indicate to Mr. Lumumba that Canada is prepared to give its full co-operation to the United Nations in providing assistance to the Congo, and that requests for Canadian help received through the United Nations would be dealt with with sympathy and dispatch. Canada's contributions to the United Nations Special Fund and Expanded Programme of Technical Assistance will, of course, be used in part in the Congo. In this way a negative response to his approach could be avoided and he could be encouraged to rely to a large extent on the United Nations for development assistance, as it is better equipped at present than any other entity to assess and meet the Congo's needs and is already seized with the problem.

Should Mr. Lumumba wish and be able to make business arrangements with private concerns in Canada, presumably there would be no reason to discourage him.

Scholarships and Teacher Training

If questions are raised about the availability of scholarships for Congolese students, or about securing help in teacher training, it can be pointed out that none of the existing Canadian aid programmes includes African countries other than those in the Commonwealth. The most recent statement on the question of Canadian scholarships for French-speaking students was that made by Mr. Green in the House on July 14. An extract from his speech is attached.†

In the event that the Congolese scholarships could be financed by the Congo or other agencies, administrative assistance could be given in arranging to have them placed in French-language universities in this country.

With regard to teachers, while there are no government funds available to send them to the Congo, again, if their expenses could be paid from other sources, Canadian assistance could be given in recruiting them through various channels, including the Economic and Technical Assistance Branch and teachers' organizations such as the Canadian Teachers' Federation and L'Association Canadienne des éducateurs de langue française. It should be noted, however, that it would be very difficult to engage competent teachers at this time of year, since practically all of them would have long since signed contracts for the school year which begins in September.

. . .

Canadian Red Cross Medical Teams

The Canadian Red Cross, in response to a request from the Security Council, communicated through the World Health Organization and the International Office of the Red Cross, is sending to the Congo two medical teams each consisting of one surgeon, one physician experienced in the treatment of tropical diseases, and two nurses, all bilingual.

The four doctors and four nurses are now en route to the Congo where they will help to supply the urgent need for medical attention to civilians in hospitals, the staffs of which have been depleted by the departure of their European members.

Canadian Missionaries in Congo

There seems no need for us to raise this business: we would thus avoid possibly difficult questions about the future intentions of Canadian evacuees and the future safety of Europeans in general. (As far as we know, some missionary societies intend to send back their people when their safety will be reasonably assured.)

The facts, as of July 27, are: Including 35 Canadians who are now known to have left the Congo before the emergency began and 19 Canadians who were either stationed in the Trust Territory of Urundi or have since moved there, a total of 185 Canadians are known to be in places of safety outside the Congo, while 2 others are reported safe in Leopoldville. This means that 86 Canadians remained to be accounted for by name. While nominal rolls are still coming in of those evacuated, particularly to adjacent areas, many missionaries are reported to have chosen not to leave the Congo, and Canadians not yet reported by name as having been evacuated may well be included among their number.

Belgian Forces in Katanga

The problem of the withdrawal of Belgian troops from the province of Katanga, which has announced its secession from the Congo Republic and has asked the "free world" to acknowledge its independence is one of the most difficult which faces the United Nations. The Prime Minister of Katanga, Mr. Tshombe, has said that he would oppose the entry of United Nations troops to replace the Belgian troops which are now maintaining law and order in the province and to do this would even use armed force. However, in the last forty-eight hours he appears to have retreated somewhat from this categorical position. A compromise solution among Mr. Tshombe, the Congolese authorities and the United Nations is well within the realm of possibility. There does not seem to be any present reason for Canada to take any position on Katanga's status. Should Mr. Lumumba raise the question we might say that we are wholeheartedly behind the United Nations effort in the Congo and that we hope that the problem can be resolved to the mutual satisfaction of all the parties concerned. We would not consider that the peaceful entry of United Nations troops would in any way prejudice the right

of the people of Katanga to consider constitutional arrangements at a later date, but we believe that the most necessary thing at present in the Congo is to restore and maintain law and order in order to provide the necessary conditions for the resumption of normal economic, social life and political life of the Congo.

. . .

16. DEA/6386-D-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], August 1, 1960

CONVERSATIONS WITH MR. LUMUMBA

Mr. Lumumba and his party called on Mr. Cadieux shortly after 11 am on Saturday, July 30. Miss Osborne, Messrs Scott, Murray and Choquette of the Department were present.

2. Mr. Cadieux welcomed Mr. Lumumba and recalled that pending a call from the Prime Minister, the programme foresaw official talks; he said that he would be grateful if Mr. Lumumba wished to make any observations of a general nature, on the United Nations, on his conversations in Washington, prior to a discussion of specific problems. Mr. Lumumba said that he preferred to deal with the latter first.

3. Mr. Cadieux then proceeded to outline what could be done for the Congo under existing programmes:

(a) students from the Congo will be eligible for Canada Council scholarships;

(b) applications could be received for National Research Council scholarships;

(c) a broad scheme of scholarships involving French-language institutions in this country was now under consideration and, if the Government decided to adopt such a scheme, the Congo would be included;

(d) Canada was likely to support UN schemes of technical assistance for the Congo;

(e) if other countries were to assist Congolese students, it was likely that some of these students would come to Canadian universities. The Canadian Government would be prepared to extend administration assistance to facilitate the operation of these schemes.

Furthermore, Mr. Cadieux pointed out that Canada was providing immediate assistance in meeting specific UN requests; for instance, Canada had provided meat and flour; four RCAF planes were flying supplies from Pisa to Leopoldville, and the Government had now agreed to make available a substantial number of signals personnel.

4. Mr. Lumumba listened to this enumeration without any reaction. He stated that in addition to UN assistance, as a sovereign, independent country, the Congo was now requesting from Canada a supplementary bilateral aid programme and hoping that the Canadian Government could send immediately to the Congo a team to discuss requirements and priorities.[8] Mr. Cadieux pointed out that such a procedure would be likely to involve duplication as similar assessments would be undertaken by other countries who would be prepared to give help and also by the United Nations: he added that while Canada would very likely support an expanded

[8] Note marginale :/Marginal note:
He withdrew this when he saw me. [J.G. Diefenbaker]

UN programme of assistance and would use machinery in existence already to do so, apart from the Commonwealth plan, there was no precedent for a bilateral aid programme. Mr. Lumumba, the President of the Chamber of Deputies, the Guinean and the Ghanaian Ambassadors intervened in turn to explain that UN assistance was not satisfactory: it could be terminated at the request of the Congo, UN experts would be withdrawn and the Congo would have to start again from scratch. They implied that somehow UN technical assistance was not fully compatible with the independence of the Congo and in circumstances unspecified, was likely to be brought to a sudden end. Mr. Cadieux argued that Canada envisaged UN assistance operations as a long-range one of indefinite duration and kept urging the advantage of this approach which had already been tried and found to be successful. Mr. Lumumba then rather sharply stated that obviously we were not agreed as to the best approach. The Congo wanted bilateral aid in addition to UN assistance: while Canada apparently was prepared to support only the latter.[9] The necessary conclusions had to be drawn and there was no point in pursuing the discussion. Mr. Cadieux said that Canada was clearly in favour of multilateral help: the question of supplementary bilateral arrangements was one for the Government to decide. He was not excluding it as a possibility but merely pointing out that a request on the part of the Congo for a bilateral aid agreement with Canada involved a special new and somewhat difficult policy decision for the Government. No doubt Mr. Lumumba would raise this matter with the Prime Minister, but Mr. Cadieux felt that the discussion had been useful in elucidating how far present arrangements could be used and on what specific point a new policy decision was not required.

5. Shortly after 12 Mr. Lumumba, accompanied by Mr. Kasango, the President of the Chamber of Deputies, called on the Prime Minister. Messrs. Campbell and Cadieux were present, the latter acting as an interpreter. The first part of the interview was very difficult indeed. Mr. Lumumba was behaving like a hostile witness. The Prime Minister was endeavouring to obtain from him some indication of the scope of his requirements and of priorities. He asked, for instance, how many civil servants there were before independence, and how many were now left. The Congolese Prime Minister was most uncooperative. He said that these were political questions and that he had no mandate to discuss them. When the Prime Minister insisted that he had to have some idea of the magnitude of the problem, Mr. Lumumba kept repeating that he needed specialists, experts of all kinds, and that as Prime Minister of an independent country, he was not really concerned with numbers, scales of pay, etc. These were details to be settled by his Ministers. The temperature was rising and it was clear that no progress was being made in spite of the Prime Minister's repeated appeals to Mr. Lumumba to assist him in understanding his problem.

6. The Prime Minister then suggested that Mr. Balcer, who had greeted Mr. Lumumba at the airport and entertained him on the previous day, should join the conversation. When Mr. Balcer arrived, attempts to draw Mr. Lumumba were pursued for a while without much success, until the Prime Minister asked bluntly whether we or the Congolese Government would be expected to pay for these experts. Mr. Lumumba was quick to reply that his Government would pay all expenses, and would be prepared to be generous. He added that he did not expect another Government to pay for the services of Congolese civil servants. This put the matter in a very clearly different perspective. Mr. Lumumba rather unkindly blamed Canadian Government officials for the misunderstanding. The Prime Minister warned Mr. Lumumba that he would have, as Prime Minister, to learn to accept responsibility for the mistakes and

[9] Note marginale :/Marginal note:
Ditto. [J.G. Diefenbaker]

shortcomings of his advisors. In reply to a question from Mr. Cadieux, Mr. Lumumba said that a liaison mission would not be required as our office in Leopoldville could handle all details.

7. From then on the atmosphere of the conversation became cordial. The Prime Minister undertook to provide, in effect, our good offices in the recruitment of bilingual experts. The Congolese representatives, it transpired, were hoping that we might find it possible to screen applicants for them and to give them, in fact, some recommendation as to their moral character and professional qualifications. The Congolese Government were prepared to be generous as to salary and allowances. They felt that it would be helpful if we could give them an indication as to what the appropriate salary might be in specific cases. The Prime Minister suggested that we could provide an indication of average income for the main professions as compiled by our Department of National Revenue. He pointed out that the figures would be lower than in the United States, and perhaps insufficient in individual cases.

8. When the Prime Minister enquired whether Mr. Lumumba had additional requests to make, the latter said that it would be most helpful if three experts could be provided immediately: one on radio (public relations); one on mines, and one on protocol. The Prime Minister repeatedly indicated his sympathy for the Congolese leader's difficulties in nation building, with scant initial resources and undertook to do what he could to assist. Mr. Lumumba expressed full satisfaction with the outcome of the interview.

9. Later, at a press conference outside the Prime Minister's office, Mr. Lumumba confirmed that the interview had been cordial and successful. He refused, however, to discuss his meeting earlier in the morning with the Soviet Ambassador. On the question of diplomatic relations between Canada and the Congo, he was less than accurate: while this had not been discussed with the Prime Minister, he told the press that this had been done; he claimed that before independence, Canada had a Chargé d'Affaires in Leopoldville. He went on to point out that the two countries were already in diplomatic relations and said that the question of an appointment of a Congolese representative in Ottawa would be considered by his Government after his return to Leopoldville.

10. While we can not of course be absolutely certain about this, and while our officials may have been mistaken as to what Mr. Lumumba really wanted, it is possible that he may have experienced a change of heart between his conversation with our officials and the one that he had later with the Prime Minister. On being told that bilateral aid was unlikely to be provided, or at least to be forthcoming immediately, Mr. Lumumba may have decided to settle for less, and to request merely official assistance in recruiting bilateral experts. When he found that we would not be prepared to pay for them, he may have reconciled himself to suggesting that his Government should foot the bill. This would explain his decision to drop the request as to a liaison team and the different terminology in the Prime Minister's office where there was no reference to a bilateral agreement, but merely to authorization concerning recruitment. If this is the case, and our suspicions are increased by Mr. Lumumba's quickness to blame officials for the misunderstanding, this suggests a very disturbing trait and would warrant some caution in cooperation with his recruiting schemes. The whole operation should be undertaken with care, I suggest, until we have some indication as to how the first recruits are treated. In any event, close liaison with the United Nations to avoid duplication will be required.

N.A. R[OBERTSON]

17. J.G.D./VI/846/749.21

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], August 1, 1960

MR. LUMUMBA

We had few opportunities to form impressions concerning Mr. Lumumba. He was in Ottawa for a short time and he consistently refused, in his conversations with the Prime Minister and with officers to deal with political subjects. The few observations we have been able to make may, however, warrant some tentative conclusions as to his personality.

2. It is interesting to note that Mr. Lumumba decided to cut his visit short, deleting the part which was intended to minimize somewhat the importance of the visit and which provided consequently few opportunities for direct contact with the public. Mr. Lumumba was almost rude in refusing to be drawn into political discussions. When told that the Prime Minister might be waiting for him, he said that this was quite in order; it was up to the Prime Minister to do the waiting. When it was suggested to him that his time of departure had to be delayed because a number of appointments had been made for him in the expectation that he would leave later, and because people were coming from Toronto and Montreal and they would be disappointed, he dismissed this summarily, saying that in five minutes he could dispose of each applicant and that the others could write to him in Leopoldville.

3. Mr. Lumumba was more enlightening in his speech after Mr. Drouin's luncheon. The essence of his argument was that the Belgians were not prepared to understand that the Congolese could run their own affairs; they had not prepared them for independence. The Belgians had calculated that because of this the Congolese would have no choice but to turn to them for assistance, and they would then be in a position to impose political conditions. (This implies a confession that the Congolese realize their weakness and places their request for experts from Canada in a special light.) Mr. Lumumba kept stressing that the Belgians could not conceive that the Congolese could exercise authority over Belgians. When the Congolese had decided after independence to take things into their own hands, the Belgians had accused Lumumba and his supporters of being Communists. Lumumba was very specific in stating that the Congo and the other African states were not and would never be communists. They wanted to enjoy their freedom and to develop their own culture which had been hindered by the Belgians. Mr. Lumumba made the point that while other countries had invested in their colonial dependencies, Belgium was the only metropolitan country which had been enriched as a result of the exploitation of its colonies. While there were some reassuring aspects in Mr. Lumumba's statement, it was noticeable that at the airport he greeted the Soviet Ambassador in a very friendly and warm fashion and he had a long secret interview with him. At his press conference after his interview with the Prime Minister he carefully avoided admitting that such a conversation had taken place. Furthermore, there is some reason to be concerned as to the role of the Guinean Ambassador as a member of the official party.

4. While Mr. Lumumba, in his conversation with Mr. Cadieux, seemed to be pressing for bilateral aid and for a liaison mission from Canada, in the Prime Minister's office he merely requested administrative assistance in recruiting bilingual experts and he dropped the suggestion as to a liaison mission because, he argued, administrative details could be handled through our mission in Leopoldville. While the question of diplomatic relations had not been

discussed with the Prime Minister, Mr. Lumumba said in the course of his press conference that this had been done. This suggests a certain lack of candour, to say the least.

5. Mr. Lumumba was very tired when he reached Ottawa. Yet he handled press queries at the airport very creditably. On the following day, he spoke eloquently and forcefully at the luncheon offered by the Speaker of the Senate. There is no doubt that Mr. Lumumba can handle himself effectively in public. While he steadfastly refused to discuss anything but help with us, his attitude as regards the Soviet Ambassador is suspicious. His possible volte-face on aid and his fierce attacks on Belgium and, by implication, Western countries in general, gave some grounds perhaps for the view that his independent recruiting of experts in this country should be watched carefully. Mr. Lumumba is perhaps not unnaturally very concerned about his position and not very considerate of others. While he may not be a Communist, his conduct is equivocal and it is easy to understand that the Belgians must have found it very difficult to get along with him.

6. From the observations we have been able to make in the course of the visit, the elements to reconcile concerning Mr. Lumumba's visit to Canada seem to be the following:

(a) public professions of friendship;

(b) unwillingness to confide in us and to explain, even in general terms, his intentions;

(c) an apparent willingness to talk to Soviet representatives;

(d) fierce anti-Belgian and, it is suspected, anti-Western feelings;

(e) urgent requests for bilingual experts.

It is tempting to reconcile these elements by suggesting that Mr. Lumumba wants experts from this country, so that he can get rid of the Belgians and do as he pleases later. He may be afraid, however, that if we were to penetrate his intentions, we might not be willing to cooperate.

7. On the basis of our few contacts with him, to summarize our views, Mr. Lumumba seems to us to be an ardent African nationalist whose attitude as regards occidental countries and the Soviet bloc is still equivocal and warrants careful study. Mr. Lumumba left us with the impression that he is vain, petty, boorish, suspicious and perhaps unscrupulous.

N.A. ROBERTSON

18. DEA/6386-C-40

Le haut-commissaire au Ghana
au secrétaire d'État aux Affaires extérieures

High Commissioner in Ghana
to Secretary of State for External Affairs

TELEGRAM 196 Accra, August 2, 1960

CONFIDENTIAL. OPIMMEDIATE.

GHANA AND CONGO

President Nkrumah has asked me to transmit as a matter of urgency following personal message for Prime Minister. "It has been put up to UN that Ghana can help in problem of training Congolese cadets as officers for the Force Publique. Such training should be based on Ghana Military Academy which is at present staffed largely by British. We can do this only if we can obtain French speaking staff from outside Ghana. A first survey showing personnel required are: a chief instructor; three platoon commanders; one company Sergeant-Major; four drill and weapon Sergeants; one physical training instructor; one education non-commissioned

officer; one admin officer; two clerks; three stores men; two general duty men. The above should all be military personnel.

In addition to the requirement of graduate academic instructors is two or three covering French and current affairs and mathematics and general science.

I would be grateful if you would indicate your ability to assist. If Canada can assist I suggest a senior officer come to Ghana as soon as possible to work out details on ground."

2. I have been in touch with General Alexander who supports this Ghanaian proposal. He commented he would not repeat not want other than Canadian service personnel to assist.

3. Before making firm commitment you may wish to send senior service officer to prepare appreciation.

4. In my conversation with Alexander I told him I doubted very much whether Canada would be prepared to take on this assignment on any terms other than complete financial repayment.

[B.M.] WILLIAMS

19. DEA/6386-C-40

Le haut-commissaire au Ghana
au secrétaire d'État aux Affaires extérieures

High Commissioner in Ghana
to Secretary of State for External Affairs

TELEGRAM 197 Accra, August 3, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: Our Tel 196 Aug 2.

GHANA AND CONGO REQUEST FOR CANADIAN ASSISTANCE

Our reference telegram contained the full text of a personal message from Nkrumah to our Prime Minister about the desire by Ghana for Canadian assistance in training Congolese cadets.

2. While I appreciate that Canadian effort in Congo is already of large proportions, I would hope that you could give sympathetic consideration to this Ghanaian request. As you know past efforts to obtain cooperation between Ghana and Canada in the defence field have not repeat not been very successful. This current request might be an opportunity for us both to indicate Commonwealth cooperation and to make an identifiable contribution to the development of law and order in Congo.

3. Undoubtedly in your consideration of the desirability of meeting this Ghanaian request you will wish to consult UN about the extent to which it approves this Ghanaian initiative. As you know, Ghana has been extending technical assistance to Congo on what appears to be a bilateral basis. While one may not repeat not quarrel with Ghana assisting a brother African state, there are it seems to me long term implications, not repeat not only for Ghana in terms of its own economy, but in the sense that continuing bilateral arrangements between Ghana and Congo set a precedent for Congo to seek assistance from Soviet Bloc which, if on a large scale, would in the long run be undesirable for not repeat not only the West but for the independent African states themselves. We will continue to hear a great deal about the iniquities of the white man in Africa, the evils of colonialism and the perfidious intentions of the "imperialist" but it is important to remember that African states either do not repeat not or will not repeat not admit the perfidious nature of the "white faced" communist.

[B.M.] WILLIAMS

20. DEA/6386-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to United Nations

TELEGRAM DL-855 Ottawa, August 12, 1960

CONFIDENTIAL. OPIMMEDIATE.

Repeat Accra, Brussels, Paris, NATO Paris, Cairo (Information).
By Bag Lagos, Pretoria, Tel Aviv, Moscow (from London), CCOS, DM/DND (Att: CTS), DM/DND (Att: DMI), DM/DND (Att: DAI).

CONGO — TRAINING OF FORCES PUBLIQUE

The Prime Minister to-day received a telegram from Mr. Hammarskjöld in Leopoldville which reads as follows: "As you know we are making a big effort, being part of a general plan of assistance to the Republic of the Congo, to re-establish as quickly as possible the so-called Force Publique (L'Armée Nationale), with a view to arranging for withdrawal as early as possible of the United Nations Force, its responsibilities being taken over by national units. This does involve the speedy reorganization of the Force Publique by a training programme with United Nations instructors as requested by the Government of the Republic. I would be most happy to hear from you whether Canada would be able to provide us with French-speaking officers willing to undertake the assignment, under United Nations flag, to serve as advisors and instructors in our trained programme for officers of the Force Publique. It is of course essential to avoid getting entangled into jealousies and rivalries. For that reason, while using African instructors, I want to have some of non-African nationalities. With kind regards,"

2. The Canadian Government is disposed to comply with this request but would wish to have further information about the numbers required and the timing. For your own information the Government would be prepared to consider supplying up to 100 personnel but is thinking in terms of about 50. Personnel will have to be inoculated which would delay departure for a matter of weeks.

3. We would also be interested to know if the Secretariat can throw any light on the question of whether there is any relationship between this proposal and the Ghanaian request referred to in your telegram 1164 of August 11.†

21. DEA/6386-C-40

Le président du Ghana
au premier ministre

President of Ghana
to Prime Minister

Accra, August 12, 1960

My dear Prime Minister,

I am sorry that the pressure of events has made it impossible for me to write to you before concerning the policy which Ghana is pursuing in regard to Congo. Naturally I should have

liked to have informed you of our intentions before we took action, but, as you will realise, events have moved so fast that it was quite impossible to delay.

The policy of my Government throughout has been to isolate the Congo situation and to act in such a way as to prevent the direct intervention of any of the Great Powers in the African Continent.

As you know, my policy has always been that at all costs Africa must not be involved in the Cold War.

When emerging countries such as the Republic of Congo are threatened by interests outside the African Continent, they must naturally look for help from whatever source they can obtain it. The object of my Government has always been to reassure Congo that this help would be forthcoming from within the African Continent and that it was therefore unnecessary to seek help from outside. Ghana's policy throughout has been determined on this basis.

Generally speaking, I believe that initiative in African affairs should come from the Independent African States. While help from any outside source is always of value, the value of this help is much reduced if it is not channelled through an African medium. The African Continent is automatically involved in Great Power disputes if one country assists another on the basis of any alliance or organisation primarily designed for other parts of the world. For example, in my view it would be most undesirable if any Great Power allowed its policy in Africa to be dictated in the interests of any defence or other agreement which it had with other powers in relation to any other part of the world.

A view widely held in Congolese political circles has been that those powers who are associated in N.A.T.O. would, because of their military commitments to Belgium, be unable to take an impartial view of the events in Congo. Some colour, I feel, has been given to this view by the failure on a number of occasions of various N.A.T.O. Powers to support the Security Council resolutions. The suspicion has thus grown that because of consideration of European political issues, the Western Powers were unwilling for the United Nations to take really effective action in Congo.

In my view the most important issue in Congo affairs is the position of Katanga. I do not think that there can be any doubt at all that the so-called Katanga régime is a pure puppet régime of the Belgians. Mr. Tshombe and his party, the Conakat Bureau, are well known to us in Accra. He and members of his party have attended conferences here and we have on many occasions discussed African policy. What Mr. Tshombe is saying to-day bears no resemblance to what he used to say in Accra. I can only attribute the sudden change to the fact that he has had to accommodate his policy to the policy of the power whose forces are to-day occupying Katanga.

I feel, however, that the most recent resolution of the Security Council[10] shows that with the exception of France and Italy, all those powers associated with N.A.T.O. are prepared to take a broader and a more general view of the situation. Ghana will certainly support to the full the Security Council resolutions.

In regard to the wider issues, I should like to make these comments:

I think that all Independent African States are disturbed by the revelations now being made by Belgium as to the extent of N.A.T.O. participation in the Belgian Congo bases and particularly in their participation in the Katanga base which had been established at Kamina.

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[10] C'était la résolution du 9 août. Voir *Documents on International Affairs 1960* (London: Oxford University Press/Royal Institute of International Affairs, 1964), pp. 285-86.
This was the resolution of August 9. See *Documents on International Affairs 1960* (London: Oxford University Press/Royal Institute of International Affairs, 1964), pp. 285-86.

This base is situated in the very heart of Africa and it is difficult for me to understand what possible relation a base in this part of the world could have to North Atlantic defence. A suspicion must arise that such a base was intended to provide military support for the continued colonial ascendancy of N.A.T.O. Powers in Africa.

All Independent African States are gravely concerned about the situation in the Portuguese territories of Angola and Mozambique. There is no doubt that the situation there is far more explosive than is generally realised. The Portuguese régime is extremely oppressive and it denies to the inhabitants of these territories every single one of the rights referred to in the preamble of the North Atlantic Treaty. I hope therefore that those members of the Commonwealth who are also members of N.A.T.O. will use their influence with the Portuguese Government to initiate a movement for independence of the Portuguese territories. It would create a most serious situation in Africa if the N.A.T.O. Powers were manoeuvred into the position of supporting Portuguese colonial tyranny on the ground that Portugal was entitled to their support as a member of N.A.T.O.

In regard to Ruanda Urundi, it seems to me quite clear that the Belgian Trusteeship must end, and I think that the best course would be for it to be placed under the joint trusteeship of the Independent African States. In present circumstances there can be no justification for calling from outside Africa former colonial powers to exercise the authority of the United Nations.

When the African States take over the trusteeship of Ruanda Urundi it would be appropriate for them also to take over the trusteeship of South-West Africa. It is to my mind absolutely impossible for the African States to agree to allow the present state of affairs to continue indefinitely in this area.

In regard to aid to Congo, I have had a personal letter from President Eisenhower which I have discussed with the United States Ambassador here and to which I have replied. Mr. Eisenhower suggested to me that all aid to Congo should be channelled through the United Nations. There are, however, great objections to this course. It would mean applying a restriction to Congo which does not apply to any other African State. Further, there are innumerable practical difficulties. I have suggested as an alternative that aid should be channelled through the Independent African States or at any rate through one or more of them. I think this meets his point of view which was to isolate Congo from competing pressures of the Great Powers.

I have tried to give you as detailed an explanation as possible of the action which my Government has felt itself compelled to take in Congo. I trust that you will do all that lies in your power to promote the establishment of peace and security in Congo.

Yours sincerely,

KWAME NKRUMAH

22. DEA/6386-C-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to United Nations

TELEGRAM G-124 Ottawa, August 16, 1960

CONFIDENTIAL. OPIMMEDIATE.

Repeat Accra, Washington, London (Information).

UN DIFFICULTIES IN THE CONGO

Following for the Minister:

We have been very concerned at the recent news from the Congo and at the possible outcome of further Security Council discussions on this subject. Lumumba's criticism of Hammarskjöld[11] raises fundamental questions as to the role of the UN and, indeed, the whole future of the Congo itself.

2. In case you should have a conversation with Hammarskjöld, we have given thought here to a possible line of approach which might be put to him and possibly to certain African delegations in New York: the same arguments could be used also in Accra where, we understand, there is now a tendency to follow a more sober line in regard to Congo developments.

3. A possible point of departure might be taken from Lumumba's obvious appeal to African nationalist aspiration in attempting to settle independently, e.g. without UN interference, his domestic affairs and to enlist, if possible, in coping with the local situation, assistance, primarily of African states. This is an approach which non-African countries need not necessarily oppose. It is one which might even provide a basis for cooperation with them, at least if its inherent limitations are appreciated.

4. We assume that most African states are basically concerned with preventing the issue from involving big blocs in direct conflict. If this is the case, the African states are bound to realize that an appeal to either side, in the event of UN failure, would be bound to defeat their basic aspirations not to become pawns in the big power rivalry. The question then arises whether cooperation and assistance from sources outside Africa, which we assume are essential even to an African solution, will really be possible outside the UN framework. Appeals to individual European or other countries are not likely to be satisfactory as this is likely to involve delays and limitations which can hardly be accepted in the circumstances.

5. If it is agreed that in terms of African aspirations there is in fact no immediate practical alternative to UN assistance, then the problem is one of determining what are the necessary limitations and whether such limitations are acceptable. While it is clear that on the one hand there can be no direct intervention in Congolese domestic affairs, it must be accepted as obvious, on the other, that the UN cannot allow itself to become the instrument of the Congolese Government in matters which are controversial in terms of east-west conflict or in general UN context.

6. Even with such limitations, it seems to us that the case for UN assistance is strong. The direct benefits of the UN presence for the Congolese government are in themselves quite

[11] Voir/See *Documents on International Affairs 1960* (London : Oxford University Press/Royal Institute of International Affairs, 1964), pp. 289-94.

substantial. The maintenance of law and order, for instance, should enable the Congolese government to operate initially, and gradually to establish itself. The alternatives in this field are far from obvious or likely to be satisfactory to all concerned including African states. Furthermore, the basic framework provided by the UN should enable the Congolese government, with the help of other African governments if so desired, to develop machinery of its own to enforce such policies as it may determine later on to be in the national interest.

7. In short, it seems to us that the African states might be encouraged to consider whether there can be an acceptable alternative to UN operations, and whether the Congolese government and friendly neighbouring states will not, as a result of such operations (even if they involve limitations), be given the necessary basic and expanding freedom of action which they require to work out the African solutions which they may desire.

8. In the circumstances would it not be in the interests of all concerned and, in particular, of the African states, to accept the temporary and rather modest limitations inherent in UN operations. It occurs to us that if properly handed, such limitations, from the African point of view, e.g. the presence of non African units in the UN forces, may even have advantages in setting the stage for cooperation between African states and those of other continents. The same considerations apply with greater force in relation to the broad programme of technical and other assistance which is now being worked out. In fact, through the UN, outside assistance even for African solutions is likely to be available sooner and to be more substantial than would otherwise be the case.

9. While we would not wish to suggest directly in Accra that moderation should be recommended to Lumumba, we wonder whether you think that it would be useful for our High Commissioner there to raise the above problems in the form of questions, and to suggest that in terms of African aspirations, patience and moderation in dealing with the UN may yet provide the best, if not the only, solution.

[N.A.] ROBERTSON

23. DEA/6386-C-40

Note pour le premier ministre

Memorandum for Prime Minister

CONFIDENTIAL [Ottawa], August 22, 1960

CONGO: SOVIET COMPLAINTS ABOUT CANADIAN CONTINGENT

On August 6 the Soviet representative left a memorandum with the Secretary-General objecting to the inclusion of Canadian troops in the United Nations Force in the Congo.[12] Mr. Green dealt with a question on this subject in the House on August 8 (a copy of his remarks is attached).†

The United Nations Secretariat, in dealing with the Soviet complaint, maintained that the inclusion of Canadians in the Force was based on their technical competence and linguistic qualifications. The Secretary-General saw no inconsistency in the fact that Canada was a member of NATO.

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[12] Voir Nations Unies, *Documents officials du Conseil de sécurité, quinzième année, Supplément de juillet, août et septembre 1960,* document S/4418.
See United Nations, *Official Records of the Security Council, Fifteenth Year, Supplement for July, August and September 1960,* document S/4418.

On August 18 there occurred the incident at Njili airport in which Canadian soldiers were manhandled and beaten by the Congolese Force Publique. This action was the subject of vigorous protests from Canada and from the United Nations. The Chief of Staff of the Force Publique has formally expressed regret (to Dr. Bunche in Leopoldville) about the incident. Prime Minister Lumumba, who also expressed some regret, described it as an excess of zeal on the part of Congolese personnel checking the identity of foreigners. He partly blamed Canadians for the incident, although this was not borne out by the United Nations report on the incident. On the contrary, it appeared as part of a planned hostility against the United Nations.

On August 20 Mr. Kuznetsov, the Soviet Deputy Foreign Minister, at a press conference in New York demanded the withdrawal of "armed groups from Canada," because they were allies of the Belgian aggressors. The Secretary-General reported to Mr. Ritchie that Mr. Kuznetsov had taken the line that "now you realize how unwise it was to send Canadian troops to the Congo." The Secretary-General held firm to his policy on the inclusion of Canadians, adding that the only restrictions were that members of contingents (a) should not be nationals of one of the great powers and (b) that they should come from a country which had no involvement in the issues in the Congo. Canada was not affected by either of these.

In his speech in the Security Council on August 21, Mr. Kuznetsov returned to the charge. He vigorously attacked the inclusion of Canadians in the Force. He demanded their withdrawal. He had nothing to say about the Swedes and the Irish who are in the Force in large numbers. He hammered away at the link with Belgium, which he called the aggressor, even though most of the Belgian combat troops have already been withdrawn and the remainder are awaiting only the availability of aircraft.

In reply to Mr. Kuznetsov in the Council the Secretary-General, who in a longer statement explained his action taken to implement the Council resolutions, defended his policy of selecting Canadians for the Force and showed no sign of regretting or changing his position in that regard. He had informed Mr. Ritchie that he would hold to this stand. The Secretary-General considered it unnecessary and perhaps undesirable for Canada to intervene in the Council debate, a view which Mr. Ritchie shared.

In the debate the Congolese representative did not raise the question of including white troops in the Congo Force, nor of withdrawing Canadians. He did reiterate the demand that the airports and ports of entry be placed under Congolese control. He also pressed for the establishment of an advisory committee. The Secretary-General has indicated that he would accept one composed of representatives of countries participating in the Force. The Guineans' representative made an inflammatory speech but he did not raise the question of white contingents in the Force.

The majority of Council members fully endorsed the policies which the Secretary-General had followed in implementing the earlier resolutions. A Soviet resolution was not pressed to the vote. It called for the establishment of an Afro-Asian commission which would assist the Secretary-General in his activities in the Congo, quite different from the advisory committee which he envisages. No resolution was passed but this result is interpreted as full acquiescence in the programme of implementation which the Secretary-General has been following.

The representatives of Argentina, Ceylon, Italy, United Kingdom, United States and Ecuador wholly rejected the Soviet charges about the inclusion of Canadian troops. Mr. Ritchie has reported that the Secretary-General's policy as regards the composition of the Force was fully vindicated.

It seems that the Soviet Union was mainly interested in undermining the United Nations effort in the Congo by trying to depict it as dominated by NATO powers. The Soviet Union

may also have been irritated by the significant part played by Canada in the Disarmament Commission last week.[13] In any event, the Soviet position on the inclusion of Canadian troops found no support either from members of the Council, or the Secretary-General, or the African members who participated in the debate. The silence of the Congolese representative seems particularly significant.

24. DEA/6386-40

L'ambassadeur en Union soviétique
au secrétaire d'État aux Affaires extérieures

Ambassador in Soviet Union
to Secretary of State for External Affairs

TELEGRAM 410 Moscow, August 24, 1960

CONFIDENTIAL. PRIORITY.

Reference: Your Tel S-107 Aug 19.†
Repeat Permis New York from Ottawa (Information).

SOVIET ATTITUDE TO HAMMARSKJÖLD AND UN

1. In my Despatch 887 August 22† I discussed this subject at length. I do not repeat not think Soviet government is trying to force Hammarskjöld out of office at this time. My Indian, American. French and UK colleagues agree with me about this. It is probably true that Soviet leaders do not repeat not like Hammarskjöld's imaginative concept of role of UN and particularly his readiness to take responsibility and conduct an operation of magnitude involved in military and economic aid programme necessary for salvation of Congo. The Soviets prefer working on a bilateral basis in order to extract maximum amount of political advantage. Hence their opposition to Hammarskjöld's proposal for an economic mission to Congo. The Soviet attitude to the whole UN operation in Congo will be more apparent when the time comes for member nations to make contributions to it. It may well be that Soviet government though not repeat not now trying to force Hammarskjöld out of office [will] oppose any attempt to reappoint him for a further term but conditions may change before this question becomes urgent.

2. Most colleagues with whom I have spoken agree that Soviets fully realize that its influence in UN is likely to increase with admission of many countries with neutralist policies. Therefore in long run Soviet government will not repeat not want to weaken authority of UN. The Congo however is a special case. The Soviet government is most anxious to preserve authority of a leader such as Lumumba who if not repeat not a communist is now more [sympathetic?] to east than west as against Tshombe who has Belgian and some western support as well. If Soviet government succeeds in having Lumumba's authority restored in whole of Congo and Belgian and Western influence substantially reduced then its attitude towards Hammarskjöld and UN may well change.

3. Quite apart from considerations mentioned in foregoing paragraphs I think that campaign against Hammarskjöld and UN will diminish. Soviet leaders are aware that their campaign does not repeat not [group corrupt] support of other African states with exception of Guinea. Again Mr. Nehru's powerful public support for Hammarskjöld and his helpful action in making Dayal available to him must have some influence here.

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[13] Voir/See document 93.

4. It is worthwhile noting that Soviet words in and out of Security Council have been more extreme than Soviet action in first three meetings of Security Council about Congo when Soviet representative did not repeat not veto moderate resolution. This course seems to have been followed at August 21 meeting of Security Council when Soviet representative allowed proceedings to end with for practical purposes an endorsement of Hammarskjöld.

5. As further evidence of this moderate attitude Gromyko told a colleague at reception yesterday that he was reasonably satisfied with the outcome of Security Council meetings. Lumumba no repeat no doubt on Soviet advice is reported to have said about the same thing in Leopoldville.

[DAVID] JOHNSON

25. DEA/6386-C-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Ghana

Secretary of State for External Affairs
to High Commissioner in Ghana

TELEGRAM DL-884 Ottawa, August 24, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: Your Tel 209 of August 15.†
Repeat MIN/ND, CCOS, DM/DND, CGS, DMI, DAI AND DNI (OpImmediate), London, Washington, Permis New York, NATO Paris, Paris (Priority), Geneva (Routine), Cairo (Deferred) (Information).
By Bag from London: Lagos, Pretoria, Tel Aviv, Moscow, Dublin, Oslo, Copenhagen, Stockholm.

GHANAIAN REQUESTS FOR CANADIAN ASSISTANCE IN TRAINING CONGOLESE FORCE PUBLIQUE AND POLICE

Set out below is text of a message from the Prime Minister which we would be grateful if you would deliver, personally if possible, to President Nkrumah. As you will have seen from various messages referred to you, when the two requests were received from Dr. Nkrumah, they were considered, firstly, in the light of the desirability of placing any aid of this type in a United Nations context and, secondly, in the light of misgivings regarding Ghana's role in the Congo. Subsequently, Mr. Hammarskjöld sent a personal message to the Prime Minister asking for Canadian military training personnel to work under U.N. auspices in training the Congolese security forces. It developed that Hammarskjöld had sent his message on learning in Accra of the Ghanaian proposal and that he had obviously moved to overtake Nkrumah's approach. Although there has been an apparent settling down of Ghanaian Congo policy, and although the government would have liked to co-operate with Nkrumah if possible, it is the government's view that as a matter of policy all Canadian government-sponsored participation in the Congo operation should be under the aegis of the United Nations.

Text Begins. "I refer to your messages concerning the assistance of Canadian military personnel in training Congolese cadets as officers for the Force Publique and of Canadian police in training the Congolese police. The provision of adequate training for the Congolese Force Publique is doubtless an important part of the United Nations longer-term objectives in the Congo. Your invitation to participate with Ghana in this phase of assistance to the Congo is warmly appreciated.

The Canadian government attaches the highest importance to the restoration of stable and peaceful conditions in the Republic of the Congo and to this end is supporting fully and participating in the United Nations operation in that country. We have come to the decision that the aid which we are able to make available in this respect should be placed at the disposal of the United Nations to be used pursuant to the resolution of the Security Council and in accordance with the priorities established by the United Nations.

In the circumstances I regret that we are unable to respond positively in this matter. I am sure I can rely on your understanding of the considerations which have led us to take the position that our aid in support of peace and stability in the Congo should be channelled through the United Nations.

I have just received your most interesting letter on the general subject of aid to the Congo in the context of African interests and political developments and I shall be sending you my own views on these important matters in a further message. John G. Diefenbaker"

26. DEA/6386-C-40

Le Consul général par intérim au Congo
au secrétaire d'État aux Affaires extérieures

Acting Consul General in Congo
to Secretary of State for External Affairs

TELEGRAM 13 Leopoldville, [August 27, 1960]

Please pass urgent to Canadian delegations

Emergency from Wood

UN Headquarters reports that when US Globemaster carrying Canadian UN army personnel arrived Stanleyville today it was attacked by Congolese army units. Canadians were arrested and some reported seriously injured. US crew also attacked and three of them are in Congolese hands. Ethiopian UN forces reported in clashes with Congolese army and trying to effect release of Canadians. Other reports from Stanleyville say Congo army entered UN headquarters there and carried off some UN personnel. Situation seems to be completely out of hand.

Lumumba left for Stanleyville this morning but had not arrived before the incidents occurred. Bunche is protesting today to Congolese Foreign Minister. Unless otherwise instructed I shall make verbal protest to Foreign Minister Bomboko whom I have already met.

I shall be with GC Carr when he talks to AC Carpenter at Trenton this evening.

27. DEA/6386-C-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to United Nations

TELEGRAM G-132 Ottawa, August 27, 1960

CONFIDENTIAL. EMERGENCY. OPIMMEDIATE.

Reference: Teleconference Cadieux/Currie Aug 27.
Repeat Minister Nat. Defence, D/M Nat. Defence, CCOS, CGS, CAS, DAI, DMI, DNI, Washington (Emergency), London, Paris, NATO Paris, Brussels, Geneva (OpImmediate), Lagos, Accra, Pretoria, Dublin, Moscow, Oslo, Copenhagen, Stockholm, New Delhi (Routine), Cairo (Deferred) (Information).

NEW INCIDENT INVOLVING CANADIAN SERVICE PERSONNEL IN THE CONGO

Following confirms teleconference dictated message:

We have just received disconcerting news concerning another incident involving Canadian service personnel in the Congo.

2. Our representative in Leopoldville and Mr. Bunche on behalf of the UN have already made verbal protests as you know to the Congolese government.

3. This new incident following closely statements made by Lumumba that earlier difficulties were due to misunderstandings and did not represent Congolese policy must be considered by the Canadian government and indeed by the other governments participating in the UN operation, as raising most serious issues as regards the future of the UN force itself and, even, relations between the UN and the Congolese State.

4. It will be impossible for Canadian civilian experts and Canadian service personnel performing non-combat duties to remain in the Congo unless their personal security can be ensured by UN Forces even, if necessary, against Congolese security elements, which cannot be presumed to be operating under instructions from their government in assaulting UN personnel.

5. In the circumstances, we suggest that the Secretary-General and the Advisory Committee should consider at the earliest possible moment what steps (including adequate arrangements at airports), can be taken by the UN military commander to ensure the security of UN personnel generally within the Congo. If it should transpire that UN forces cannot be allowed to operate by the Congolese authorities in such a way that minimum security is provided to UN personnel the whole problem of continued UN operations in the Congo will have to be considered by the Security Council.

6. While incidents are to be expected in the difficult circumstances now obtaining in the Congo further UN assistance can hardly be provided in a context where Congolese authorities appear to be unwilling or unable to allow the UN to duck attacks by Congolese forces against UN personnel.

28. DEA/6386-C-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent representative to United Nations to Secretary of State for External Affairs

TELEGRAM 1324 New York, August 27, 1960

SECRET. OPIMMEDIATE.

Reference: Your Tel G-132 Aug 27.
Repeat London, Washington, NATO Paris, Paris, Geneva, CCOS OTT from Ottawa, DM/DND, CAS, CGS, DAI, DMI, DNI OTT from Ottawa, Cairo deferred Brussels, (OpImmediate) from Ottawa (Information).
By Bag Dublin, Lagos, Pretoria, Tel Aviv, Accra, Moscow from London.

CONGO: INCIDENT AT STANLEYVILLE

At the meeting of the Advisory Committee today the Secretary-General informed the group of the situation in Stanleyville insofar as it was known at that time. After some discussion of the serious nature of the situation and of possible approaches to its resolution and to preventing similar incidents from developing elsewhere, the Secretary-General said that he was addressing a message to the Heads of Governments of each of the nine African states with which the UN is dealing in this matter to acquaint them with the situation in Stanleyville and with its broader implications. The intention of this communication (which has since gone out) is to provide a basis for those Heads of Governments to give instructions to their foreign ministers now meeting in Leopoldville to exert moderating pressure on Lumumba. At the same time Bunche is under instructions to give a factual statement of the situation to the foreign ministers in Leopoldville.

2. We understand from Wieschhoff that unfortunately there is little grounds to hope that Lumumba will now be receptive to such moderate counsels. Secretariat assessment is that Lumumba's decision to go to Stanleyville himself (in an aircraft provided to him by USSR) seems to amount to an indication of non-confidence in the African meeting in Leopoldville. Wieschhoff also told us in strictest confidence that while the Secretary-General was unable to say so openly in response to questions raised at the Advisory Committee this morning, he is convinced that this morning's incident resulted from direct orders from Lumumba and that this action was taken in preparation for his visit. (The Secretary-General did say at this morning's meeting that he was convinced that the incident did not repeat not arise from instructions originating with the high command of the Congolese National Army from whom the UN commanders had been receiving sympathetic co-operation. He said that insofar as there was any influence other than lack of discipline of the Congo units and drunkenness and drug addiction, the incident had its origin in the political situation and the violent xenophobia which had developed.)

3. Several representatives notably Jha (India) said that the situation could not repeat not continue since it would call into question the efficacy of the whole operation of the UN in the Congo and that the time had come to be very firm with Lumumba. However no repeat no concrete ideas were expressed as to what form this firmness should take other than operating through the influence of the nine African states. There was discussion of the extent of organized (or disorganized) force the UN would have to face if it found itself having to enforce its will by strength of arms. Rikhye's answer to this question was far from precise since the situation varied from one part of the country to the other. The Secretary-General subsequently

said that he did not repeat not doubt that the UN forces could bring the Congolese army under control but that to do so would change the whole character of the UN operation. In response to remarks from for example UAR, to the effect that the UN should not repeat not resort to force except in extremity the Secretary-General said that they would try to continue with their operation peacefully. The alternatives to such a course were disastrous.

4. He said that the Prime Minister had chosen to regard the UN force as a hostile element and for this reason he did not repeat not consider it would be helpful to follow a suggestion made by the representative of Liberia that the Congolese forces and the UN forces be integrated both to prevent hostility between the two groups and to provide training for the Congo army. (In this connection Rikhye had said that the Congolese government had requested assistance for the training of its army and both Ethiopian and the Mali representative said that this request should be followed up.

5. The Secretary-General said that the airport at Leopoldville was the lifeline of the UN operation both military and civil in the whole of the Congo and as such had to be controlled by the UN. He had learned that Lumumba had visited the airport yesterday and had in mind putting Congolese understudies in all positions connected with airport control with a view to taking over the control tower within a week. The Secretary-General said that such a development would endanger the whole operation.

6. I spoke from the text of your reference telegram, prefacing my statement with remarks to the effect that we were assuming that incidents such as that which had taken place today did not repeat not arise out of specific instructions from the Congo government but that if this were not repeat not the case the whole basis of the UN operation would have to be considered in the light of the new circumstances. In reply to my remarks, in particular about the necessity of making adequate arrangements at airports to ensure personal security of UN personnel, the Secretary-General said that we could be assured that the UN considered control of the airports to be essential and that if their ability to do so was called into question the issue would have to be returned to the Security Council. He went on to repeat what he had said at yesterday's Advisory Committee meeting to the effect that withdrawal of the UN force would recreate the vacuum which they had gone in to fill and that we would once again be faced with a situation which constituted a threat to international peace. The juxtaposition of this remark and my statement was perhaps unfortunate since I had not repeat not at any point suggested that the UN force be withdrawn.

7. Subsequently Weischhoff told me the Secretary-General had considered that on balance it was well that I had spoken as I had, since the remarks I made had to be made. Weischhoff went on to tell me that the UN fully recognized their responsibility to secure the airports and considered this a question of first priority even at the expense of letting other parts of the country go. To do this effectively on the scale now being implemented at Leopoldville airport would require about one thousand men for each airport. The resources of the force at the moment would not repeat not stretch that far and further troops might therefore be required. He told me that the UN troops and other sensitive areas and were in effect in battle posts behind mounted machine guns, etc.

8. With respect to the Canadians involved in the incident this morning you will by now have received Wood's telegram announcing his understanding that all Canadians in Stanleyville are now safe in UN hands and that a UN plane is going to Stanleyville tomorrow to bring out those who can be moved.[14] We had meanwhile received from USA Mission the names of two of the Canadians who have been rescued: these are Signalman A.L.G. Bone and Corporal G.B. Gravel.

[N.E.] CURRIE

29. DEA/6386-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Ghana

Secretary of State for External Affairs
to High Commissioner in Ghana

TELEGRAM K-305 Ottawa, August 29, 1960

CONFIDENTIAL. OPIMMEDIATE.

Repeat Permis New York (Information).

MESSAGE FOR DR. NKRUMAH

Please deliver following message for President Nkrumah urgently and report reactions by Telegram. Begins.

My Dear President:

Your letter of August 12 reached me Thursday. It was good of you to set forth so fully and frankly your views on the problems facing all of us as a consequence of events in the Congo. I shall want to spend some time considering your opinions, and I know that you will then wish me to reply with equal candour.[15] In the meantime I want to comment on one particularly urgent aspect of the problem, which is pointed up by your observations and by events of the past few days.

Several times recently and again this weekend, among United Nations personnel in the Congo, Canadians have been the victims of violent and unprovoked attacks by elements of the Congolese armed forces.

The Congolese government has made clear its desire for the early departure of United Nations forces. Their departure, it seems to me, would lead to the subsequent withdrawal of civilian personnel serving under the aegis of the United Nations; member states would be reluctant to expose their civilian nationals to a situation in which even United Nations armed forces had not been safe from attack by the people they had come to help. Many member states might then, in such circumstances, be reluctant to furnish any form of aid for the Congo. In other words if the Congolese government is in fact seeking the rapid and complete elimination of the United Nations presence in the Congo, the consequence would be the reduction or elimination of United Nations assistance. I am deeply concerned about the effects of having such assistance diminished.

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[14] Non retrouvé./Not found.

[15] Aucun autre message de Diefenbaker à Nkrumah n'a été trouvé à Bibliothèque et Archives Canada ou au Centre Diefenbaker.
No further message from Diefenbaker to Nkrumah was found at Library and Archives Canada or the Diefenbaker Centre.

You have suggested that aid to the Congo might be channelled through the Independent African States. While I appreciate the importance of the role the Independent African States can play in this whole situation, I see difficulties in a single channel for aid through them. On the other hand I agree that it would be hard to make a case for insisting on a United Nations channel to the exclusion of all others. It was not your intention, I am sure, to suggest that any such regional grouping could, of its own resources and in the light of its own needs, furnish aid to the Congo on the scale required — in terms of trained and available manpower perhaps even more than in money and goods. By whatever channel or channels aid reaches the Congo, there is not in my opinion any real alternative at the present time to the United Nations presence in and assistance to the Congo.

I fear that the consequence of the withdrawal of the United Nations would be to make the Congo an object of great power rivalry and thus involve Africa directly in the Cold War. I am in full agreement with you that these results would be most regrettable; I do not see how they can be avoided if the Congo government succeeds in its apparent effort to jettison the United Nations.

That, in any case, is my assessment of the present trend — based on events and statements reported from the Congo and on Canadian reactions to them — and I am deeply disturbed by it.

I would ask you to give urgent consideration to these observations. If you should find yourself in at least some measure of agreement with me, I would ask you, further, to consider using your influence with the Congolese government, with a view to the elimination of incidents and the modification of those policies which are now rapidly alienating the Congo from the United Nations, with which its own future and the future of Africa must be so closely bound.

I am, yours sincerely, John G. Diefenbaker. Ends.

30. DEA/6386-C-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

CONFIDENTIAL [Ottawa], September 2, 1960

CONGO — USE OF RCAF NORTH STAR AIRCRAFT

As you know, the Canadian Government previously authorized the use of four RCAF North Star aircraft for the carriage of equipment and supplies between Pisa and Leopoldville for a period of thirty days from July 21 in support of the U.N. operations in the Congo. Subsequently, the U.N. Secretariat agreed to the use of these aircraft for the top priority purpose of lifting Canadian Army signals unit personnel and equipment from Canada to the Congo. The operation is now completed with the last aircraft flight carrying the Canadian contingent to the Congo having left from Trenton last Tuesday, August 30. Further flights will be required, of course, to support the Canadian contingent and the Secretary-General's authority has already been sought for a maximum of two support flights per week, starting at the rate of two flights per month. The first flight is scheduled for September 7.

At Ministerial direction, informal consultations were held with the U.N. Secretariat on the subject of future United Nations' requirements for the use of RCAF aircraft for external air lifting to the Congo. Following these discussions, the Secretary-General has now formally

requested that Canada assist the U.N. Congo operations by providing two North Star aircraft flights each week from Pisa to Leopoldville and return for an indefinite period. He has asked if the first aircraft could be made available in Pisa to commence flights on September 9.

I have ascertained that the Minister of National Defence is prepared, subject to your approval, to comply with the Secretary-General's request for two flights per week from Pisa to Leopoldville, over and above the service flights which will be required to support the Canadian contingent in the Congo.[16]

I should be grateful to know if you concur in the above-outlined arrangements. An urgent decision is required in order to enable the first aircraft to reach Pisa by September 9.

Our inclination would be to accept the Secretary-General's request, but for a limited period, possibly 60 or 90 days, at which time the arrangements would be subject to review in the light of developments.[17]

M.C. CADIEUX
for Under-Secretary of State
for External Affairs

31. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 322-60 [Ottawa], October 6, 1960
SECRET

INTERNATIONAL FINANCIAL AID TO
THE REPUBLIC OF THE CONGO

In a report to the Security Council dated September 7,[18] the Secretary-General of the United Nations urgently recommended to the Security Council the establishment of a fund for the Congo in the amount of $100 million. The purpose of this fund was to provide immediate financial assistance on a large scale for the re-establishment of a stable administration and internal security and restoring the normal economic life of the country.

2. The current situation is extremely delicate and further deterioration may be prevented only if the United Nations is put in a position to render substantial material support to the Congolese economy. The alternative is to leave the Congo exposed to direct assistance from opposing sides in the cold war, with all the risks and dangers which that course would involve. The situation is quite comparable to the one in Korea and perhaps in the broader context of African affairs, the stakes may be even higher. Certainly, without the financial assistance requested by

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[16] Note marginale :/Marginal note:
Not necessarily [R.B. Bryce?]

[17] Notes marginales :/Marginal notes:
The Prime Minister agrees to this, subject to Mr. Pearkes' suggestion for using the supply flights for the Canadians in the Congo, and the flights to El Arish, as a source for these flights, so far as possible, thereby reducing the need to send out planes for this purpose. R.B. B[ryce] 2 Sept. 60.
Arrangement extended from Sept. 9 for 90 days, i.e. to Dec. 9/60. These flights are also being used for logistic support to Canadian contingent in ONUC, as per R.B.B.'s note. W.H. B[arton].

[18] Voir/See A. Cordier and Wilder Foote, eds. *Public Papers of the Secretaries-General of the United Nations, Vol. 5: Dag Hammarskjöld, 1960-1961* (New York: Columbia University Press, 1975), pp. 155-59.

the Secretary-General the United Nations influence and effort in the Congo are likely to collapse. Coupled with the threat posed by the Soviet proposal for paralyzing the office of the Secretary-General, these are strong political reasons for giving the United Nations effective material support at this time.

3. In making his recommendation, the Secretary-General emphasized that this financial assistance was not designed to set up a permanent régime of external subsidy to the Congo; it was put forward with the expectation and intention that the Republic should be able to pay its own way both currently and for development purposes in the near future.

4. On September 20 the Secretary-General's recommendation was approved by a vote of 70 in favour, none against and 11 abstentions at the fourth emergency session of the United Nations General Assembly. The following day the Secretary-General sent a note to the Secretary of State for External Affairs† requesting that Canada give urgent consideration to contributing to the United Nations fund for the Congo, in line with the General Assembly's resolution. The Secretary-General has made a similar appeal to all other member governments.

5. In his speech of September 22,[19] President Eisenhower indicated strong United States support for the Congo fund. The President's declaration of support was given precision by a letter from the Secretary of State for the United States, Mr. Herter, to the Secretary-General[20] upon presentation of a cheque for $5 million as a United States contribution to the Congo fund. This was in addition to an earlier contribution of $5 million made by the United States to enable the Congo to maintain essential imports. Mr. Herter said, in part, that the $10 million contribution was made on the assumption that contributions would also be forthcoming from other governments. Existing legislation under which funds are now available to the United States Government provides that such contributions will not exceed 40 per cent of the total made available to the United Nations. From other sources there is an indication that the United States is prepared to make a total of $40 million available on a 40 per cent matching basis.

6. In his speech in the General Debate at the General Assembly,[21] the Prime Minister acknowledged that one of the large tasks of the Assembly was to ensure that sufficient support is forthcoming to sustain the United Nations in its efforts to revive the economic and financial life of the Congo. He assured the Assembly that Canada would assume an equitable share of this burden.

7. In making its assessment as to the level of Canadian support for United Nations voluntary programmes, Canada has in the past been guided by its percentage share of the regular United Nations budget. This share is at present 3.11 per cent. Another factor in the calculation is that the less-developed countries with a low per capita annual income cannot be expected to contribute with much generosity to the voluntary programmes of the United Nations; the burden thus falls on the more advanced economies. With this in mind, the Canadian contribution to the $100 million target for the Special Fund and the Expanded Programme of Technical Assistance was $4 million or 4 per cent of the total.

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[19] Voir Nations Unies, *Documents officiels de l'Assemblée générale, quinzième session, séance plénière,* 868e réunion, le 22 septembre 1960, pp. 45 à 50.
See United Nations, *Official Records of the General Assembly, Fifteenth Session, Plenary Assembly,* 868th Meeting, September 22, 1960, pp. 45-50.

[20] Voir/See Christian Herter, "U.S. Contributes $4 Million to U.N. Fund for the Congo," *Department of State Bulletin*, Vol. 43 No. 1111 (October 10, 1960), p. 588.

[21] Voir Nations Unies, *Documents officiels de l'Assemblée générale, quinzième session, séance plénière,* 871e réunion, le 26 septembre 1960, pp. 111 à 115.
See United Nations, *Official Records of the General Assembly, Fifteenth Session, Plenary Assembly,* 871st Meeting, September 26, 1960, pp. 108-112.

8. So far, apart from the United States contribution, contributions have been announced by Prime Minister Nash of New Zealand in the amount of $280,000 and Mr. Luns, the Netherlands Foreign Minister, in the amount of $1 million. These announcements are heartening indications of support for the Secretary-General's appeal from two smaller countries which have always shown themselves ready to give substantial assistance to United Nations programmes and activities.

Recommendation

9. I recommend, therefore, that approval be given:

(a) for a Canadian pledge to the United Nations Fund for the Congo in the amount of $1 million to be announced at the General Assembly;

(b) that the question of a further Canadian contribution to the Fund be kept under active review, with particular reference to the manner in which the Fund is being applied in the Congo and the response to the Secretary-General's appeal of other states.[22]

H.C. GREEN

32. DEA/12479-B-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 1890 New York, October 20, 1960

CONFIDENTIAL. CANADIAN EYES ONLY. PRIORITY.

Repeat Washington, London, Cairo from Ottawa, Dept of Finance OTT from Ottawa (Information).

FINANCING OF UNEF AND ONUC

The apportionment among member states of the costs of UNEF and ONUC (UN military operations in the Congo) is one of the more important issues facing the Assembly.

2. Final cost estimates of ONUC depend on negotiations with African troop-supplying governments, which are apparently requesting per diem allowances as high as those received by Swedish troops. If these high allowances are paid generally, the costs of ONUC might exceed the maximum estimates contained [in] our telegram 1706 October 7† ($45 million in 1960 and $90 million for 1961).

3. We have exchanged views with members of USA and UK delegations. There follows a preliminary assessment of the financing problem.

4. Judging from experience with UNEF it will be very difficult to persuade most of the countries of Asia, Africa and Latin America to contribute to the costs of ONUC on the basis of the regular scale of assessments. (None here seem to doubt that USSR will refuse to pay anything, even for costs incurred before USSR became dissatisfied with UN actions in Congo.) In the first place the Asians, Africans and Latins will be influenced by the financial implications. The costs of UN peace-keeping operations are now running at an annual rate of over 20 million dollars for UNEF and about 90 million for ONUC. Moreover judging from the experience of UNEF, once an emergency force is established it seems to be maintained in the

[22] Approuvé par le Cabinet le 20 octobre 1960./Approved by Cabinet on October 20, 1960.

area indefinitely. It follows that the present costs of UN peace-keeping operations are unlikely to be reduced in future years; rather such costs are more likely to increase as more emergency forces are established without reducing or removing those already in existence. The vast majority of member states will therefore be understandably reluctant for purely financial reasons to accept the principle that the ever-increasing costs of these operations should be financed from the regular budget.

5. Many member states, particularly recipients of economic aid, firmly believe that the rich developed countries or the permanent members of the Security Council should pay the costs of peace and security and that the responsibility of other member states should be limited to the provision of troops, the costs of which are not repeat not fully reimbursed. In the case of the Congo, they might argue that Belgium should pay or that the Congo should reimburse the UN at a later date.

6. There appears to be a good possibility therefore that the financial support for ONUC will be even less widespread than the financial support for UNEF; moreover if the costs of UNEF and ONUC are ever covered it will probably be mainly by USA and to a lesser extent UK and perhaps also Belgium. Such a situation might undermine the prestige and collective authority of UN and lend support to the repeated Soviet contention in the 5th Committee and elsewhere that UN is acting as an arm of NATO.

7. We are not repeat not hopeful that this unsatisfactory situation can be avoided. However, we have been discussing two possible approaches that might secure a somewhat broader financial support for UNEF and ONUC. Mr. Bender the Chief USA Adviser of the 5th Committee, believes strongly that if UNEF could be reduced in size beginning in 1961 it would be possible to argue more convincingly that UN emergency forces are not repeat not permanent institutions and that consequently there is a good possibility that the costs of UN peace-keeping operations will stabilize at an acceptable level (at the same time all efforts should be made to reduce the size of ONUC in 1961. Bender quoted a target of $50 million for both ONUC and UNEF in 1961.) There are also the views that if UNEF is not repeat not reduced this year it will not repeat not be for many years to come; and that this is a good year to tell the disputants that the high costs of UN peace-keeping operations are threatening the collective strength of UN at a time when USSR is with some success attempting to weaken the organization.

8. Bender said the Secretariat's reaction to his proposal was neither completely negative nor positive. The Secretariat would prefer complete removal of UNEF and substitution of an observer group rather than reduction of UNEF;[23] they adduce familiar argument that [a] reduced force could not repeat not prevent increase in border incidents which would damage UN prestige. In the end however Secretariat may accept reduction or removal of UNEF if it becomes convinced that otherwise broad or sufficient financial support for both UNEF and ONUC can not repeat not be forthcoming.

9. Another approach would be for countries contributing troops to UNEF and ONUC to launch an extensive lobbying campaign to persuade middle and small powers that this year more than ever before it is to their interest to support the principle of collective responsibility.[24] It could be pointed out that they are increasingly looking to UN support and assistance not repeat not only for economic development but also in the field of peace and security. It could be argued that it is essential to finance the costs of peace and security from a

[23] Note marginale :/Marginal note:
I agree. G. M[urray]

[24] Note marginale :/Marginal note:
Also I'd say not all members[?] [1 ou 2 mots illisibles/1 or 2 words illegible]. G. M[urray]

section of the regular budget according to the regular scale of assessment and avoid the present situation in which UN cannot repeat not pay its bills and must limp from financial crisis to financial crisis. Such steps would promote the objective of increase UN prestige, influence and effectiveness at a time when USSR is working the opposite direction.

10. For his part Bender has concluded that it is unrealistic to expect most of the states of Asia, Africa and Latin America to contribute to ONUC according to the regular scale of assessments. He believes that the troop contributing countries should be persuaded to introduce a resolution according to which ONUC would be financed as UNEF was financed in 1960 with a further 25 percent rebate for troop-supplying countries. The hope of course would be that capital exporting countries would reject the rebates. Bender believed it would still be possible to have ONUC costs appear in a section of the regular budget. There is an opposing view in USA delegation at lower levels that concessions made last year for UNEF without substantial results should not repeat not be repeated for ONUC and that strong pressure should be brought to finance ONUC according to the regular scale. Bender put his case to Washington some time ago but there has been no repeat no reply.

11. We learned with interest that Bender does not repeat not really believe in the principle of collective responsibility. He believes that according to UN Charter the big powers do have a special responsibility for keeping the peace. This view may be shared by others in Washington, though presumably not repeat not by USA Treasury. Bender has also requested Washington's attitude on reducing UNEF. So far no repeat no reply except to the effect that USA missions in the area are expected to be opposed.

12. UK delegation is reporting to London on the above matters. UK Treasury man here of course favours the financing of ONUC according to the regular scale of assessments.

13. ONUC costs for 1960 will be considered sometime after October 30 and costs for 1961 will be dealt with at a much later date (conceivably after Christmas) when the political situation in Congo may be more clear. The 1961 costs may be financed differently from the 1960 costs.

[14.] We believe that our eventual position on the 1960 and 1961 costs should be considered in the light inter alia of: (a) whether UNEF can be reduced in 1961; (b) the size of ONUC estimates for 1961 which in turn depends on the Congo political situation; (c) the true strength of extent to which the Asian and African delegations can be convinced that the success of the Congo operation will depend on the principle of collective responsibility; and (d) the decisions which will eventually flow from Washington. Meanwhile in private discussions with USA, UK, Sweden, Norway and Denmark we are urging, on the basis of past instructions on UNEF, that strong efforts be made to finance ONUC according to the regular scale and that concessions should be introduced only as a last resort.[25] We are also seeking to sound out key Asian, African and Latin American delegations on this issue. Bender apparently wants troop-supplying countries, particularly Canada, to take the initiative.

[15.] You may wish to consider discreet soundings in Washington, taking care to protect our source and our good relations with Bender.

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[25] Note marginale : /Marginal note:
Yes. [G. Murray]

[16.] We would like your preliminary views on whether the possible advantages of reducing or removing UNEF might offset the disadvantages.[26] [27]

33. DEA/6386-40

Consul général par intérim au Congo
au secrétaire d'État aux Affaires extérieures

Acting Consul General in Congo
to Secretary of State for External Affairs

DESPATCH NO. 80 Leopoldville, November 29, 1960
CONFIDENTIAL

THE CONGO AND THE COLD WAR

When the Congolese "force publique" mutinied on July 6 and over 50,000 Belgians left the country during the following weeks, it was generally considered imperative that the UN should fill the vacuum left by the Belgians to prevent the Congo becoming an ideological if not a real battleground in the cold war. The general thesis, supported by most western countries and the majority of African and Asian states, was that all aid should be channelled through the U.N. The Congolese government, then under the control of M. Lumumba, welcomed UN assistance but was not too keen on the idea that it should be exclusive. At the Pan-African Conference in Leopoldville the Congolese government took the view that UN aid should be Africanized as much as possible and that the Congo should also be free to accept bilateral aid. They were supported in this by some of their fellow Africans notably, Guinea, UAR and Morocco (and presumably by the Soviet and Czech Embassies behind the scenes). The reasons for this attitude were, I suspect, firstly that Lumumba was afraid that UN assistance by the nature of things would mean primarily Western assistance and secondly because he hoped that like Guinea, Ghana and the UAR, the Congo could accept aid from both sides and at the same time follow a policy of so-called positive neutralism. More recently, India and Yugoslavia have also seemed to take the view that the Congo should become a member of the growing neutral bloc.

2. The fallacy in this policy, it seems to me, is that the Congo, in its present state of development, is not really in the same position as the UAR, India, Guinea and Ghana. Those countries have an educated elite and a cadre of technicians amongst their own nationals. Thus, the proportion of foreign technicians they need in relation to the total number of technicians in the country is comparatively small (except perhaps in the case of Guinea). They can, therefore, accept technicians from both sides without fear of becoming involved in the cold war. The Congo on the other hand has very few technicians of her own. For some years to come the bulk of her engineers, doctors, accountants, etc. will be foreigners and their presence will have political consequences. If, for example, the Congo needs five thousand foreign technicians and takes half from the West and half from the Communist countries, this would be tantamount to turning the country into a cold war battleground. The only way she can avoid this is to take the great majority of them from one side or the other. Since it would hardly be politically feasible

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[26] Note marginale :/Marginal note:
After receiving comments from Commonwealth and Middle Eastern especially, a letter to Finance will be drafted. [J.H. Taylor]
Sur consultations avec le ministère des Finances, voir MAE 6386-H-40.
On consultations with the Department of Finance, see DEA 6386-H-40.

[27] Voir/See document 126.

for her to opt for the East she has little alternative but to choose the bulk of her technicians from the West.

3. Even if the UN could provide the required number of technicians, which seems doubtful, the fact that these technicians were under UN auspices would not prevent a cold war atmosphere. The experience of the last few months in the Congo has, I think, demonstrated that the UN cannot fill a political vacuum. The vacuum created by the departure of the Soviet bloc embassies and technicians has for the most part been filled by the major western powers led by the U.S. Certain African and Asian countries have tried to step into the breach themselves hoping perhaps to exclude the cold war from the Congo and also to prevent the Congo from falling into the western orbit by default. But for the most part they have failed, at least in Leopoldville, firstly because they lacked the necessary economic resources, secondly because they were divided amongst themselves and finally because they chose as their instrument Lumumba whose policy of strong central rule was unacceptable to the majority of the country. As a result, the cold war is operating to some extent in the Congo at the present time. In Stanleyville and throughout the Eastern province agents from the UAR are reported to be spending vast sums of money all of which may not originate in Cairo, to bolster Lumumba's followers and apparently their efforts have met with considerable success.

4. Although the problem has perhaps been oversimplified in this despatch the main points, I think, are valid: Firstly, that despite the presence of the UN, the cold war is operating in the Congo; secondly, that to avoid becoming a virtual cockpit of East-West and inter-African rivalry, the Congo must elect to take the bulk of her technicians from one side or the other, presumably the West. This would not mean, of course, that the Congo would not follow a neutral or African foreign policy but it would at least mean that her economic, political and judicial philosophy over the next few years would be closer to Western ideals.

W.M. WOOD

34. PCO

Note du premier ministre
et du ministre de la Défense nationale
pour le Cabinet

Memorandum from Prime Minister
and Minister of National Defence
to Cabinet

CABINET DOCUMENT NO. 396-60 [Ottawa] November 29, 1960

SECRET

FINANCING OF THE UNITED NATIONS
CONGO OPERATION

In putting forward his supplementary estimates to the General Assembly, the Secretary-General of the United Nations, Mr. Hammarskjöld, estimated that a sum of $66.6 million would be required to finance the United Nations Congo operation for the six months period ending in December of this year. In putting forward his estimates, the Secretary-General expressed the hope that those countries which had provided services of various kinds, such as the initial airlift of troops, might be willing to forego payment. The United States Government has already responded to the Secretary-General's request and has informed him that it was willing to absorb costs of airlifting troops to the Congo in the amount of $12 million.

2. The Budgetary Committee of the Assembly is currently meeting to consider the financing of the Congo operation. On the basis of the reports of the Canadian Delegation, it is evident that in order to achieve substantial support for the payment of the Congo operation costs by the membership of the United Nations at large, the total amount to be paid will have to be reduced as much as possible. Furthermore, a formula will have to be found by which the share of this year's unprecedented costs to be paid by the members of the Organization in the category of under-developed countries are reduced. Unless the resolution providing for the financing of the Congo costs contains these two elements, the fundamental principle that the costs of the United Nations undertakings must be paid for by the membership at large is in grave danger of being lost.

3. Our Delegation has informed me that the United Kingdom Delegation has approached them urgently on the question of whether Canada is prepared to absorb the initial airlift costs of the Canadian contingent amounting to approximately $600,000 as was suggested by the Secretary-General to all members having incurred such costs. The United Kingdom representatives have told our Delegation that they had authority to announce the absorption by the United Kingdom of airlift costs in the amount, approximately, of $500,000 if Canada was prepared to do likewise, since the United Kingdom did not wish to be the only country, apart from the United States, making a gesture of this kind.

4. It is essential that a generally agreed basis is found for the allocation among the member states of the United Nations of the costs of the Congo operation. This year, when the Organization is facing its severest test since the Korean War, it is particularly necessary that those countries who are in a position to do so, to assist the United Nations in every way possible so that lack of the means does not become an impediment to the discharge of the essential peace-keeping functions of the Organization.

Recommendation

Accordingly, I recommend, with the concurrence of the Minister of National Defence, that approval be given for the absorption by Canada of the costs of the initial airlift of the Canadian contingent to the Congo in the amount, approximately, of $600,000 and that the Delegation be authorized to announce this decision at an appropriate time during the current debate on the financing of the United Nations Congo operation.

[JOHN G. DIEFENBAKER]
[G.R. PEARKES]

35. DEA/6386-H-40

Note du secrétaire du Cabinet
pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Secretary to Cabinet
to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], December 2, 1960

FINANCING U.N. OPERATIONS IN THE CONGO

I have secured this morning the approval of the Prime Minister and the majority of the Ministers who were at the Treasury Board to proceeding with the proposal in the memorandum on this subject of November 29th.

Mr. Fleming had some reservations about the matter which he expressed, but his colleagues at the Treasury Board felt we should go ahead nevertheless. As the Prime Minister was now

satisfied with the fairness and necessity of this operation, he wishes you to inform our delegation at the United Nations to indicate our intention to absorb the costs of the initial air lift as proposed in the memorandum.

You may therefore take this as your authorization to inform the delegation to this effect.[28]

R.B. B[RYCE]

36. DEA/6386-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to United Nations

TELEGRAM K-429 Ottawa, December 5, 1960

TOP SECRET. OPIMMEDIATE.

CONGO TRENDS

We have been studying several recent appreciations of the situation in the Congo, most of which are available to you. We are concerned by a number of apparent possibilities. Some of these are listed in the following paragraphs.

2. Before putting our appreciation to ministers I should like to know how you see similar possibilities. It would be useful as well if you would discuss the developing situation with the Secretary-General, in an effort to learn how he assesses it and the prospects facing the UN.

3. It would seem that in some ways the de facto Congo situation may be moving in the direction of greater stability, Kasavubu's position having been clearly strengthened by his success in New York, for example, and Mobutu's by the ANC parade by his more or less successful trial of strength in the Welbeck Affair[29] and the capture of Lumumba.[30] The communist powers remain on the outside, Ghana and the UAR have suffered serious setbacks in the mischievous policies they were pursuing, sentiment against the Belgians may be decreasing somewhat or is not now increasing, and there are some indications that agreement might be reached between Kasavubu and Tshombe, on some sort of federal structure.

4. Parallel with these developments there seems to have been a marked decrease in UN prestige and influence. Positions taken by the UN in the Congo under the leadership of Dayal and Rikhye have incensed Mobutu, who may also have been under the influence of anti-UN advice from Belgian experts and administrators. The result has been rash anti-UN demonstrations and a lowering of UN prestige in the eyes of the Congolese. This weakening of the UN in the Congo, or at least in Leopoldville, may have been part of the price paid for building up Kasavubu and Mobutu. Although we welcome the trend toward stability,

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[28] Note marginale :/Marginal note:
Noted. [N.A.] R[obertson]

[29] Voir/See Paul Hoffman, "Congo Expelling Ghana Diplomats; Resists U.N. Visit," *New York Times*, November 19, 1960, pp. 1, 4; "Ghanaian Balks at Congo Ouster," *New York Times*, November 20, 1960, p. 26; "Congo Chief Seizes Ghanaian Diplomat as Figure in a Plot," *New York Times*, November 17, 1960, pp. 1, 3; "Katanga's Leader is Unyielding in Opposition to Central Régime," *New York Times*, December 1, 1960, p. 8.

[30] Voir/See G. Barraclough, *Survey of International Affairs 1959-1960* (London: Oxford University Press/Royal Institute of International Affairs, 1964), pp. 430, 432-33.

occasioned by the ascendancy of Kasavubu and Mobutu, we are disturbed that they have fallen out with the UN in the process.

5. If the present trend continued and culminated in the establishment of a firm and undeniably legitimate government in Leopoldville, the UN might be able on its own initiative to withdraw its forces; alternatively this same development might well lead to pressures for early withdrawal which could not and probably should not be resisted.

6. Apart from the damage to UN prestige, in Africa especially, the problems confronting the Congo, in the absence of a UN military presence, would be of very great magnitude. Even if no new forces appeared on the scene, warlike tribal elements and secessionist provincial authorities are quite capable of keeping the Congo in perpetual civil war. Whether the Congo's economic problems could be tackled effectively in these circumstances, moreover, even by the UN working from the outside, seems highly questionable. The departure of the UN from the Congo, moreover, might lead to a new exodus of Belgians and a new wave of chaos in the Congolese administration.

7. While we are concerned to maintain UN prestige, it is also recalled that we supported the UN action with the object of maintaining peace and security and, by the same token, forestalling communist intervention. It seems to us that the dangers of full-scale civil war, with the attendant likelihood of communist intervention in some form, may have been increased by recent events. If Gizenga and General Lundula set up a rival régime in Stanleyville, it would appear that they might obtain military support from any or all of the UAR, Ghana, Mali and Morocco. (Ghana's proposal of a unified African command may have some significance in this context.) From the Soviet bloc such a régime could at the least obtain important aid in material and in technical personnel, with significant military aid or outright military intervention by no means ruled out.

8. Another and closely related concern is the position of Belgium. It would seem to us that Belgian personnel in large numbers are needed to ensure that the Congo's basic economic and administrative problems are tackled effectively. But the extremely unsatisfactory state of Belgian-UN relations, and the unpopularity of Belgium with a large portion of the UN membership, present formidable obstacles. It would also seem that Belgium's insistence on its right to aid the Congo unilaterally, by private arrangement with any Congolese authority it chooses to recognize, and its continued support of a secessionist régime, constitute an open invitation to the communist powers to intervene whenever they may wish to do so.

9. As you know, the Minister stated on November 27 in answer to a question in the House: "I do not think there is any prospect certainly in the immediate future of the troops (Canadian) being withdrawn from the Congo." It is nonetheless desirable to put before the Minister an up-to-date assessment of possible trends in order to provide a background against which he can judge both current and possible future requests from the UN for assistance. I leave it to your judgment to decide how and when to approach the Secretary-General but your early comments on the various issues raised in this telegram would be most helpful.[31]

[N.A.] ROBERTSON

[31] Ritchie a rencontré Hammarskjöld le 13 décembre. Voir Permis New York à Ottawa 2635, le 14 décembre,† MAE 6386-40.
Ritchie met with Hammarskjöld on December 13. See Permis New York to Ottawa 2635, December 14,† DEA 6386-40.

37. DEA/6386-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 2578 New York, December 9, 1960
TOP SECRET, OPIMMEDIATE.
Reference: Your Tel K-429 Dec 5.

CONGO TRENDS

I was grateful to receive your valuable analysis of the present situation in the Congo with which I am in substantial agreement, although developments since your message was despatched have added further complications to the situation.

2. I would agree with paragraph 3 of your message that the de facto Congo situation may be moving in the direction of greater stability in the sense that it appears that the Kasavubu-Mobutu combination have strengthened their control over the Congolese National Army and are more firmly installed in Leopoldville. It remains to be seen whether they can impose their authority in other parts of the country and there may soon be a trial of strength over the situation in Stanleyville. Moreover, this new acquisition of authority by the Congolese Government seems to be combined with a somewhat heady sense of their own power.

3. This brings me to paragraph 4 of your reference telegram and the increasingly bad relations between the Congolese authorities and UN demonstrated by the Congolese attitude to the UN force, and most recently by Congolese interference with UN transport facilities and control at the airports. This obviously represents a potentially dangerous situation which could jeopardize the security of the UN including Canadian troops. When I discussed relations between UN command and the Congolese authorities with Cordier on December 7, he said that these relations were "on a slippery slope." He said he would give me a report in a day or two of the various forms of interference by the Congolese authorities with the activities of the UN force. It may be, of course, that all the faults are not repeat not on one side, and in particular that the Secretary-General's representative Dayal has not repeat not inspired confidence in the Congolese Government.[32] It seems essential, however, from the point of view of the security of the force and indeed the continued operation of the UN in the Congo that some positive attempt should be made to improve relations between the Congolese authorities and the UN command. I spoke to Pedersen of USA delegation on this subject yesterday and he said that he entirely agreed with me. Perhaps the Americans may have some influence with President Kasavubu, which might lead to improvement. Certainly the Belgians appear to have plenty of influence with President Kasavubu and Colonel Mobutu. It strikes one as an extraordinary situation that while the Belgians appear to be anxious for the continued presence of the UN force in the Congo for the protection of their nationals, they do not repeat not appear to exert any influence to restrain their Congolese friends from interference with UN operation.

4. In paragraph 5 of your reference telegram, you refer to the possibility of the establishment of an "undeniably legitimate government" in Leopoldville which might lead to the withdrawal of UN forces. This would, of course, be a highly desirable development but I need not repeat not emphasize that at the present time many African and Asian governments (in addition to the

[32] Note marginale :/Marginal note:
Also that Dayal and Rikhye may be exaggerating? [J.H. Taylor]

Communist bloc) totally deny the legitimacy of the present régime in Leopoldville and demand that the UN should take measures to restore "legitimacy" by summoning Parliament and extruding the "dictatorship" of Mobotu. When I spoke to Cordier on this aspect of the matter, he said that in his view Kasavubu had made a great error in not repeat not following up his appointment of Ileo as Prime Minister and installing a legitimate government which, in due course, might have obtained the support of Parliament.[33] He considered that the continuation of the Commissioner system of government and Mobutu's personal authority were unconstitutional.

5. With regard to the possibility of UN withdrawal, Cordier was emphatic that such a withdrawal at the present time would lead to bloody civil war in the Congo accompanied by intervention from neighbouring African states and the eventual threat of international complications of the kind which UN intervention had, in the first place, been designed to prevent. Both the Secretary-General and Cordier have also stated most emphatically (although not repeat not, I think, publicly) that the withdrawal of the UN force would make it totally impossible to implement any UN programme of technical assistance or economical aid to the Congo as a resultant situation would be too chaotic to enable such a programme to be implemented.

6. I agree with the estimate in paragraph 7 of your reference telegram that there is a danger of the establishment of a rival pro-communist régime in Stanleyville, indeed this danger is very apparent at the present time. Many of my colleagues with whom I have discussed developments in the Congo believe that its eventual fate may be partition with Katanga virtually independent, Leopoldville under Kasavubu, and the Stanleyville area ruled by the supporters of Lumumba. In commenting on this possibility Cordier pointed out that in his view this would not repeat not be a static division but conditions of warfare between the different areas would prevail.

7. As you have pointed out in paragraph 4 of your reference telegram, the decrease in the prestige and authority of the UN arising out of the present situation in the Congo is most marked. While UN intervention succeeded both in removing Belgian military forces from the Congo and in defeating direct Soviet intervention there, the cost in terms of UN authority has been terribly heavy. Indeed the UN and the Secretary-General are now being attacked from many directions simultaneously. While the Russians accuse them of encouraging the "dictatorship" of Mobotu, the Mobotu régime accuse them of favouring Lumumba. The Belgians, while demanding protection for their nationals, accuse the UN of impeding much needed Belgian technical assistance. Ghana, UAR, Morocco, India, Ceylon, Indonesia, Guinea, Mali and many other members of the Afro-Asian bloc, accuse the UN command and indirectly the Secretary-General of frustrating UN purposes in the Congo by dealing with the Mobotu régime and tolerating the arrest of Lumumba. Meanwhile, many UN members of all political persuasions refuse to pay their fair share of the financial burden of the UN force, most recently the force itself is being threatened with withdrawals, so far by governments making a somewhat nominal contribution in terms of numbers, but there are indications that Indonesia, Morocco, and perhaps others may be reviewing their commitments to maintain forces in the Congo. In the face of all opposition and criticism, the Secretary-General maintains his determination that UN force should remain but we must face the possibility that a combination of circumstances might make this increasingly difficult. In any event it is essential, for the future authority of the UN, that when the force does leave the Congo, it should not repeat not

[33] Note marginale :/Marginal note:
Did not Mobutu's initiative frustrate this? [J.H. Taylor]

do so in circumstances of humiliating failure but with dignity and leaving behind it some semblance of stable government.

8. It may be that the only eventual solution of the Congo question will have to come about as a result of negotiations between the Great Powers and that the Congo, like disarmament and Berlin, will remain an intractable problem until such negotiations can take place. Even assuming, and it is a large assumption, that a successful negotiation (perhaps on the basis of an agreement on non-intervention by the Great Powers) could take place, it is not repeat not likely to do so before the new USA administration is firmly installed. Meanwhile, there will be anxious months ahead in the Congo. I feel I should draw your attention in particular to the problem of the security of the UN forces and of the Canadian contingent. Unless relations can be improved between the Congolese government and the UN forces, there is a continuing danger that UN forces including the Canadians may be exposed to physical danger, and if control of the airports is lost, to the possibility of being trapped in different areas of the Congo. It is my recommendation that in these circumstances we should raise the question of the security of UN forces either by an intervention in the Secretary-General's Advisory Committee or directly with the Secretary-General. I also venture to suggest that this whole problem should be discussed with the State Department with a view to the USA exercising any influence they possess over the Congolese authorities.

9. I fear that this a pessimistic picture, I hope over pessimistic. I shall seek an early opportunity as you suggest to discuss these problems with the Secretary-General. This has been difficult in recent days owing to the many pressures upon his time. Meanwhile, events both in the Congo itself and in the discussion of the Congo in the Security Council are moving fast and I should be grateful for your views and instructions.

[C.S.A.] RITCHIE

38. DEA/6836-C-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to United Nations

TELEGRAM ME-168 Ottawa, December 13, 1960

TOP SECRET. OPIMMEDIATE.

Reference: Your Tel 2578 of Dec 9.

CONGO TRENDS

The thoughtful assessment in your reference telegram is much appreciated.

2. Instructions for representations about the safety of Canadian and other UN forces in the Congo were contained in our telegram K-439 of December 9, which crossed your 2578.

3. Your proposal that the USA be asked to use its influence over the Congo authorities, Leopoldville, is now being carefully studied, with a view to its early implementation, if approved.

4. In the meantime, it may be useful to you to have an indication of some of the considerations which are being taken into account in Ottawa in determining the Canadian attitude towards these matters.

(1) We continue to believe that peaceful and stable conditions are an essential requirement if the UN is to be enabled to set the Congo on a course of economic and social improvement and development.

(2) We continue to believe it essential that the efforts of the United Nations forces in the Congo to achieve these conditions of peace and stability, in accordance with the directives of the Security Council, should not be allowed to fail; such failure would not only be tragic in itself but could dangerously weaken the authority and prestige of the UN in all spheres. In this connection we deplore intemperate attacks upon the UN and its officials — from whatever side those attacks may come — the placing of obstacles in the way of the UN and the current and alarming tendency of some members to dissociate themselves from the UN effort, by withdrawing national contingents or by withholding needed financial support.

(3) Canada maintains its determination to keep at the UN's disposal the small contingent of service specialists which it has been called upon to supply.

(4) Canada has sought and will continue to seek assurances that UN forces, including the Canadian contingent, are not exposed to unnecessary risks, and that all reasonable measures are taken for their protection. Beyond this, Canada does not consider it proper to intervene in the conduct of the UN operation.

[H.C. GREEN]

39. DEA/6386-C-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to United Nations

TELEGRAM V-832 Ottawa, December 28, 1960

SECRET. OPIMMEDIATE. EMERGENCY.

Repeat Minister of DND, D/M of DND, CCOS, CGS, CAS, DNI, DMI, DAI (Information).

CONGO: CANADIAN VIEWS ABOUT CURRENT UN OPERATIONS

The appointment of the new Force commander has provided an opportunity for reviewing the UN operations in the Congo, especially on the military side. It may be of some assistance to the Secretary-General, prior to his visit next week to the Congo, to express some Canadian views about the way in which the UN effort appears to be developing at the present time. The Secretary-General should understand, however, that our only concern is about improving the operations and strengthening the UN authority in the Congo. We have no wish to add to his burdens by joining the chorus of complaint and criticism. Quite apart from the severe pressure under which the Secretary-General has been working lately, he would naturally resent further criticism of his direction of UN affairs in the Congo and especially of appointments which he might have made to the UN headquarters there.

2. Our worries about the UN operations fall into two main categories: (a) those of a general political nature in which Canada has a broad interest as a firm supporter of the UN; and (b) those of a technical nature in which Canada's interest is direct because of its participation in the Force. Many of these worries are based on the de-briefing reports which Canadian officers, who have served in the Congo Force, have made on their return to Canada. While some of the matters may lie beyond the scope of the immediate interest and responsibility of those officers, others having to do with military organization and the direction of the Force in the Congo are

matters in which Canadian military authorities can legitimately interest themselves. The various questions are summarized in the following paragraphs.

3. The most recent Assembly debate on the Congo served to underscore the sharp division in the UN between supporters of Kasavubu and Mobutu and those who favour Lumumba. This political division has been reflected further in the announcement of various governments that they would withdraw their contingents and in the attitude of various officers, military and civilian, in the UN Congo command. The division undoubtedly adds greatly to the difficulties in giving cohesive direction to the Force and reduces the influence of the UN in the area. This is no doubt fully appreciated by the Secretary-General but we would be interested to learn whether he has any suggestions for resolving or reducing the differences among the UN members. It might help, for example, to step up diplomatic activities outside the UN among governments closely connected with Congo developments. Perhaps some of the problems can be usefully explored at the Commonwealth Prime Ministers' Conference.

4. Undoubtedly a significant source of UN weakness in the Congo has been the failure to develop effective co-operation between the UN command and the Congolese authorities. The UN has had to suffer the consequences and these could be most serious if, for example, the present Congolese authorities in Leopoldville were to engage in concerted efforts to hamper the UN operations. From the Canadian point of view, there appears to be every reason to try to persuade Kasavubu, Mobutu and their Belgian advisers to co-operate fully with the UN. This may be difficult because of the mutual distrust and dislike between the UN authorities in Leopoldville and the Congolese of the central government. It would seem most desirable, however, that the Secretary-General's representative and the force commander should evolve working relations with the recognized and de facto Congolese authorities in Leopoldville (especially Kasavubu and Mobutu). If this should require some change in the UN directorate there, presumably this step should be taken.

5. The Secretary-General may be well aware that serious confusion exists in the areas of responsibility and chain of command in Leopoldville and in the liaison between Leopoldville and New York. Notwithstanding the political and administrative complications, we should be able to speak to him freely, though in general terms, about the desirability of giving more precision to the Force commander's status and responsibilities not only vis-à-vis the Secretary-General but especially vis- à-vis the Secretary-General's representative in Leopoldville. We understand that relations between the civilian and the military side of the UN command have frequently been strained and that this has added to the confusion and conflict in the directives given to the force. The presence of Rikhye in the Congo and the predominance of Indian officers in the command staff have tended to push Von Horn and other senior military officers into the background from time to time. We believe that the appointment of the new commander provides [a] good opportunity, which should not be missed, to clarify the commander's terms of reference.

6. The political differences about the Congo within the UN membership and the threatened withdrawal of some national contingents may make it desirable to re-organize the command structure in Leopoldville, especially on the military side. The arrival of the new commander might provide sufficient reason for making some changes. The dissatisfaction of India about the way in which the Congo situation has been developing could lead to some withdrawal of Indian officers, although this would not be a desirable development from the UN point of view, if the withdrawal should be wholesale. We might enquire of the Secretary-General whether in the light of the political circumstances and as part of the rotation of national contingents, he might be considering some re-organization of the UN staff, both military and civilian. Quite obviously, however, any re-organization would have to be carried out gradually to avoid disruption.

7. We assume that the Secretary-General is still in consultation with the governments concerned about the status of those contingents which have been announced as being withdrawn from the Force. We wonder whether in the meantime those contingents are considered to be under UN command, whether they are taking orders from the UN commander or whether any steps are being taken to withdraw them. Our view is that the contingents have no status in the Congo except as part of the UN Force and that as long as they are there in that capacity, they should be under UN command. If these contingents are to remain in the Force, it would seem unwise to rely on them in sensitive areas and the Force commander should see that they were deployed so as to minimize their opportunities for making mischief. Of course, what should be avoided at all costs would be an outbreak of fighting which might find the UN Force divided against itself. If some contingents were actually to be withdrawn from the Congo, we wonder whether politically acceptable alternatives could be found. It would be most helpful to have the Secretary-General's views on the whole question of withdrawal.

8. Because of the complexity and danger in the prevailing situation in the Congo we consider it very desirable to try to ensure as far as possible that the UN Force will receive clear directives and orders from its commander. In the near future there may be many situations in which indecision and hesitation on the part of the force might lead to serious consequences in the Congo situation and also impair the welfare and safety of UN troops there. One specific suggestion we would make in this regard is that areas of responsibility and the chain of command in Leopoldville be clearly defined. Perhaps the most effective step which can be taken at this time of appointing a new commander would be to regularize his position as regards the Secretary-General's representative. Specifically we believe that the commander should have full control of all military matters and should be fully responsible for giving military advice to the Secretary-General's representative. In other words, the commander should be the clearly-appointed military adviser to Dayal. The Secretary-General's Military Adviser, on the other hand, has a role and function at UN Headquarters and he should, in the Canadian view, be located in New York. This is clearly a question of efficient organization and it is the firm opinion of the Canadian military authorities that the confusion in the directives given to the Force will not be removed unless and until the role and function of the commander is clarified in this way. We consider this to be the most important point in our approach to the Secretary-General at this time.

9. Our hope is that you can discuss this point and the others raised in this telegram with the Secretary-General in a friendly and frank way. We have purposely avoided references to personalities, because we realize that the Secretary-General would be reluctant to discuss the problems in terms of officers and officials, who may have been hand-picked by him. We are not unaware that in a situation as complicated politically as is the one the UN is facing in the Congo, it is not easy to find appropriate personnel for the various difficult jobs. Please have a discussion with the Secretary-General on the basis of the points made in this telegram, which you may use at your discretion.

[H.C.] GREEN

40. DEA/6386-C-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 2755 New York, December 30, 1960

SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.

Reference: Your Tel V-832 Dec 29, Emergency.

CONGO: CANADIAN VIEWS ABOUT CURRENT UN OPERATIONS

In accordance with your instructions I saw the Secretary-General yesterday and began by raising with him the important point concerning the responsibility of the Congo commander-in-chief for military matters and for giving advice to the Secretary-General's representative as outlined in paragraph 8 of your reference telegram. I told the Secretary-General that I was sure that he would not repeat not mind my speaking to him quite frankly about the problems to do with the organization of UN Headquarters which were giving concern to us. I then outlined to him the view of the Canadian military authorities that the position of the new commander-in-chief should be regularized, that he should be fully responsible for giving advice to the Secretary-General's representative and should have full control of all military matters. I went on to say that we had been disturbed by evidence of confusion and conflict in the directives given to the Force and felt that this was partly attributable to the fact that the Secretary-General's military adviser should not repeat not be responsible for giving military advice to the Secretary-General's representative in the Congo as this should be the responsibility of the commander-in-chief. Hence in our view General Rikhye should return to New York where his proper role and function could be best exercised. The Secretary-General took these remarks in a friendly spirit. He acknowledged that the situation in the UN command in Leopoldville was far from satisfactory and that a clarification of the chain of command was needed. He said that he expected that the new commander-in-chief would have views on this subject and he would of course have to take these views into account. He went on to say that it had to be appreciated that the operation in the Congo was unique in that every aspect of the military operation had such marked political overtones. His great need therefore had been for a senior military officer who was capable of conducting delicate and difficult negotiations with various Congolese military and para-military elements both of the central government and of the provincial governments. General Rikhye had fulfilled this function on a number of critical occasions and as a practical matter the Secretary-General had allowed this method of operation to proceed although he had always regarded it as a temporary arrangement. He implied that General Von Horn had been in too poor health or lacking in sufficient vigour to undertake this function. However we went on to say that with a new and vigorous commander-in-chief he thought this situation would change.

2. Returning to the question of the chain of command Mr. Hammarskjöld said that he agreed that military advice to the Secretary-General's representative in the Congo should come from the commander-in-chief and that the proper place for General Rikhye was in New York. He hoped in due course to bring about this change subject of course to consultations with the commander-in-chief. He went on to say that the need which he had described for a senior military officer who could conduct mixed political and military negotiations would remain. Such a senior officer might be found on the staff of the commander-in-chief and therefore subject to his authority and could be despatched for example to the provinces when an emergency arose. Mr. Hammarskjöld added that General Von Horn had attempted to use

Colonel Berthiaume in this way on one or two occasions but that Berthiaume had not repeat not shown the qualities needed for political appreciation.

3. I then raised with the Secretary-General in an indirect fashion the role of his representative in the Congo. Mr. Hammarskjöld's reaction was immediate and categorical. He expressed complete confidence in Dayal (indeed throughout my talk with him it was clear how much he depended upon Dayal's reports and agreed with his conclusions). He said he was aware that Dayal had been criticized in particular by the ambassadors of USA and UK in Leopoldville. On the other hand these two ambassadors had been far from friendly to the UN efforts in the Congo. For example after the episode at the Ghana Embassy they had both attended the state funeral of Colonel Kokolo organized by the Congolese authorities which had in fact been an anti-UN demonstration as he said that Colonel Kokolo had been responsible for the Congolese attack on UN forces guarding the Ghana Embassy. Neither ambassador had seen fit to express any sympathy for the UN soldiers who were victims of this attack.

4. The Secretary-General then turned to the broader aspects of policy involved in the attitude of the present British and American representatives in the Congo (which he contrasted with the realism of the French Ambassador Charpentier). He said that USA Ambassador, Timberlake, in particular was in close touch with the Belgians and that it was apparently his aim to build up a government openly and entirely committed to the West. This he said was a sort of "pocket" of the old Dulles policy and he added parenthetically that the same line was being followed by USA Ambassador in Laos. In the Secretary-General's view this was a wrong policy both for Laos and for the Congo. What was needed in both cases was a broadly based government with a neutralist foreign policy oriented towards the West. It was a great mistake to build up individuals such as Colonel Mobutu and to base one's policy on them. This was particularly true in the fluctuating political conditions in the Congo. The UN policy on the contrary had been while paying respect to the authority of President Kasavubu not repeat not to become involved with any individual Congolese politician or party. This meant that the UN was relatively unpopular with all parties. At the same time the UN remained uncommitted and this in the long run would prove an advantage although great patience was needed in dealing with the Africans.

5. Speaking of the immediate political situation in the Congo Mr. Hammarskjöld said that he could already discern some hopeful signs for a process of conciliation among the Congolese leaders. Political divisions in the Congo were not repeat not so hard and fast as they looked from a distance and there were many waverings among those formerly committed to the extreme Lumumba line. The danger of a really effective alternative régime in Stanleyville with the subsequent threat of civil war had receded at least for the time being and there were contacts between the two political forces represented by Leopoldville and Stanleyville. He did not repeat not even exclude the possibility of the eventual release of Lumumba and his participation in some form of roundtable discussions which would represent all shades of opinion in the Congo. However he pointed out that relations between Kasavubu and Tshombe had very much deteriorated of late. It was possible that this was one element in drawing together Congolese politicians who were opposed to the separatism of Katanga.

6. The Secretary-General said that meanwhile he did not repeat not exclude the possibility that by early in the new year President Kasavubu would have installed a central government perhaps under the Prime Ministership of Ileo. Naturally the commissioners now in power would be very reluctant to get out. While they had no repeat no authority from the Congolese people they were enjoying power. I asked the Secretary-General how much effective authority he thought President Kasavubu had over Colonel Mobutu and the commissioners. Mr. Hammarskjöld replied that he had very little power and that it was necessary to strengthen his hand and to encourage him to form a legal government. He said that on December 21 he had

addressed a letter to President Kasavubu calling his attention to the fact that while the two resolutions introduced into the UNGA on the subject of the Congo had failed to pass both had certain elements in common. In particular he reminded President Kasavubu that the UK-USA resolution had referred to the need for the restoration of parliamentary government, the maintenance of human rights in the Congo and cooperation with the UN authorities there. He expressed the hope that President Kasavubu would do everything in his power to implement these principles.

7. The Secretary-General went on to inform President Kasavubu that Congolese cooperation with the UN has been unsatisfactory in various ways and that if full cooperation were not repeat not forthcoming a situation might arise in which it was impossible for the UN to operate in the Congo.

8. Mr. Hammarskjöld considered that there were signs of a more cooperative attitude towards the UN on the part of President Kasavubu. In particular he was pleased that President Kasavubu had accepted the presence in the Congo of those members of the Conciliation Commission who desired to proceed there (I am sending a separate message on the subject of the Conciliation Commission). He thought that the Conciliation Commission had a good chance of accomplishing useful work in the Congo. Mr. Hammarskjöld expressed satisfaction that his own visit to the Congo and the arrival of the Conciliation Commission coincided with the conference at Rabat which President Nasser and other leaders sympathetic to Lumumba would be attending. He thought that if progress could be made in conciliation within the Congo through the Conciliation Commission this might take the wind out of the sails of the Rabat conference. He added that he hoped that at the termination of his visit to the Congo President Kasavubu would consent to a joint declaration in both their names which would emphasize Congolese-UN cooperation and which he hoped might also strengthen President Kasavubu's position in dealing with Mobutu. Mr. Hammarskjöld said that he would be visiting Cairo and India in the course of his present trip as he considered it essential to discuss events in the Congo with the leaders of the UAR and India.

9. Throughout the Secretary-General's analysis of the political situation in the Congo it was clear that his objective was the establishment of a legal and broadly based Congolese government and that with this objective in view he was anxious not repeat not to be outflanked by the more extreme elements in the Afro-Asian group. It was also apparent that he did not repeat not accept the legality of the Mobutu régime but that he intended to work with President Kasavubu and hoped to ensure his cooperation.

10. As indicated in paragraph 7 of your reference telegram I raised with the Secretary-General the question of the threatened withdrawal of national contingents from the UN Force and of the status of such contingents as have been withdrawn. He replied that at the present time no repeat no national contingents apart from the Yugoslavs had in fact been withdrawn. He emphasized that all national contingents in the Congo were still under UN command. He said that he had made it very plain to those who contemplated withdrawing contingents that such contingents could not repeat not be allowed to remain in the Congo unless under UN command. He had pointed out that if such a situation should arise he would have to ask for a meeting of the Security Council as the presence of such foreign troops in the Congo would be contrary to Security Council resolutions. He said that he had gone further in speaking to Fawzi of UAR when the latter was in New York and had told him that if UAR forces were withdrawn from UN command but remained in the Congo he would regard this as "aggression" and would take it up at once in the Security Council. With regard to the prospects of the withdrawal of national contingents Mr. Hammarskjöld said that his main concern was with the probability that the Moroccan forces would be withdrawn which would greatly weaken the UN operation. As for the others he said that Ceylon had "changed its mind" about withdrawal of its force

which would now remain. The Ethiopians showed no repeat no tendency to leave. The Burmese contingent might be withdrawn but this would be because of the external threat to Burma not repeat not because of the Congo situation. He also considered that the withdrawal of the Yugoslavs was part of a wider pattern of their relations with USSR and China. The Guinean forces might be withdrawn but if so it would be "good riddance" and meanwhile they were located in a "pocket" where they could do no repeat no harm. There was no repeat no sign of withdrawal of the Indonesian forces at the moment. In his opinion Ghana would be reluctant to withdraw its forces.

11. UAR force was a special case. He had no repeat no indication that UAR government intended their early withdrawal. He said that the UK and USA had called his attention to the nefarious activities of UAR forces in the Congo and attempt to stir up trouble in Stanleyville and elsewhere. He had therefore asked Dayal for a report on these activities and had received one dated December 28. This report referred to several very suspicious incidents in which the UAR forces might be involved but had pointed out that the UN had not repeat not the sort of intelligence facilities which would have been necessary to check up fully on UAR activities. Dayal had added that the suspected activities of UAR troops needed careful watching but that he had not repeat not been able to produce hard evidence. Mr. Hammarskjöld seemed a little inclined to discount the seriousness of such activities and added that in any event it was worthwhile to take some risk to keep the UAR contingent there especially as he considered that their withdrawal would be immediately followed by the withdrawal of the much more numerous Moroccan forces.

12. Speaking of his own role in the Congo and the pressures he had been under in the UN the Secretary-General said that difficult as this period had been it had not repeat not affected his own feeling of inner independence. He was not repeat not dependent on any bloc or individual and he did not repeat not care for his job in itself except as an opportunity for service.

13. In contrast to the signs of tension and fatigue which the Secretary-General showed at the end of the UNGA he seemed in a relaxed and almost buoyant mood. I do not repeat not know how much he was whistling to keep his courage up.

14. I apologize for the inordinate length of this message but I thought that the Secretary-General's full and frank account of his views merited an extended report. I am dealing in a separate message with a subsequent conversation I had with him on the subject of Laos.

[C.S.A.] RITCHIE

SECTION B

DROIT DE LA MER
LAW OF THE SEA

41. DEA/9456-RW-4-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur en Belgique

Secretary of State for External Affairs
to Ambassador in Belgium

TELEGRAM L-5 Ottawa, January 7, 1960

SECRET

Repeat Rome, The Hague, Bonn, Paris, London, Washington, NATO Paris, Geneva, Permis New York, DM/National Defence (JAG & DNPO) (Information).

By Bag Madrid, Athens, Lisbon, Stockholm, Copenhagen, Oslo, Dublin.

LAW OF THE SEA
CONSEQUENCES OF FAILURE OF THE CONFERENCE

In view of the fact that it appears from recent discussions with Western European countries that some of these states or government departments concerned appear to be considering the failure of the Conference as a preferable alternative to the adoption of the Canadian proposal, we are outlining in this telegram for use in any further discussions you might have, some of the possible implications of the failure of the Conference. The argument of paragraph (a) is, of course, applicable only with respect to NATO countries:

(a) *Defence Implications*. It appears to Canada that the Canadian proposal is the only formula which can obtain two-thirds majority support for a 6-mile territorial sea. If distant water fishing states are unwilling to fall back on the Canadian proposal at the Conference because of a decision to place fishing interests above security interests, the result, in our view, can only be the failure of the Conference. The breakdown of the Conference without agreement would inevitably lead to a wide number of unilateral claims to territorial sea limits of 12 miles or even more. A general 12-mile territorial sea may be expected in areas of critical importance for the defence of the free world in Africa, Asia, South and Central America, with grave implications for western defence policy.

(b) *General Effect on Fishing Interests*. By preferring the failure of the Conference to the adoption of the Canadian formula, fishing interests of distant water fishing states will not benefit. Unilateral claims will be likely to lead to the loss not only of 12-mile coastal zones but even greater areas. In the absence of firm internationally approved territorial sea and fishery limits many states may consider that, because of the "legal vacuum" larger areas of high seas (i.e. beyond 12-miles) can be appropriately used by the coastal states. The international community have already seen examples of this: Ecuador, Peru, Chile, El Salvador and others in South America; Korea, Indonesia and The Philippines in Asia.

(c) *Chain Reaction in Western Europe*. So far as distant water fishing in the Western European and North Atlantic areas is concerned the failure of the Conference may have graver implications for distant water fishing states than the Canadian proposal. In the absence of a firm 12-mile fishery limit the possibility cannot be excluded of Iceland assuming jurisdiction over Icelandic continental shelf bringing in its train even greater displacement of foreign fishing than has already occurred through the adoption of a 12-mile zone by Iceland in 1958.

(As far back as 1948 Icelandic Parliament authorized government to establish jurisdiction over entire continental shelf.) Norway has intimated it will have to take unilateral action if no agreement is reached on an exclusive 12-mile fishery limit. Western European states (with the exception of the U.K.) are already excluded from fishing in the 12-mile limit around Faeroes Islands and Denmark has recently indicated possible necessity of similar limits for Greenland, which will have effect on German and other distant water fishing. In the North Sea [sic] the Soviet Union already possesses and enforces a 12-mile territorial sea limit.

The displacement of Western European trawlers might accordingly lead to increased fishing off countries such as Ireland and the U.K. which, as the Dutch and Belgium authorities have already noted, could well result in U.K., Ireland and other similarly placed countries also excluding foreign fishing trawlers. Thus while Belgian and Dutch authorities seem to fear that the Canadian proposal would lead to the loss of distant water fishing grounds for herring off Ireland and the U.K. this same result might inevitably flow from the failure of the Conference. As French trawler operations have been or are largely off Iceland, Norway and Ireland, chain reaction following from the failure of the Conference will have similar implications for them. If the Conference fails there would, however, be added disadvantage for distant water fishing states of possibility of friction and the substantial risk of claims being made to limits greater than 12 miles.

(d) *Non-Recognition of Claims not an Effective Policy*. Non-recognition of unilateral claims would neither seem an effective nor feasible policy in the event of the failure of the Conference. Non-recognition will not, of course, in itself prevent enforcement of unilateral claims by coastal states. Attempts by distant water fishing states to protect by force fishing by its nationals in waters claimed by a coastal state would seem both unrealistic and unprofitable from a fisheries point of view and politically unfeasible. Nor is it likely that such a policy would be strengthened by resort to the International Court of Justice for the following reasons:

(1) A court judgment can only be obtained if two countries agree to its jurisdiction; accordingly it may not be possible to bring before the court a state claiming a 12-mile limit.

(2) Assuming the court has jurisdiction there can nevertheless be no assurance that it will uphold the case of distant water fishing states. In the event of the failure of the Conference, it would seem unlikely that the International Court could hold that the 3-mile limit was the only existing rule of law and that all claims in excess of 3 miles were ipso facto invalid. According to our count eight of the fifteen countries whose nationals serve in the court favour either a 12-mile territorial sea limit or an exclusive 12-mile fishing zone. These are: Norway, Poland, UAR, Uruguay, USSR, Argentina, Mexico and Panama.

(3) If an adverse judgment is handed down, the consequence might well lead to a universal 12-mile territorial sea limit. The result would not only be a loss of fishing grounds but would have the gravest results for western security.

Summary

This analysis demonstrates that the failure of the Conference would be likely to lead to a rapid disintegration of traditional fishing arrangements and patterns in the North Atlantic and Western European areas — a disintegration which began with the failure of the First Conference on the Law of the Sea[34] and which could only be accelerated by the failure of the Second Conference. The Canadian proposal which in our view is the only formula which can succeed at the next conference, not only will provide for a clear, universal and orderly system of law, which both protects western security interests and sets a firm limit on the extent of fishing zones, but will enable states, through mutual negotiation to enter into bilateral

[34] Voir/See Volume 24, document 79.

transitional accommodations and agreements for the phasing out or continuation by treaty of distant water fishing operations now being carried on.

42. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 68-60 [Ottawa], February 29, 1960
SECRET. CANADIAN EYES ONLY.

INSTRUCTIONS FOR THE CANADIAN DELEGATION TO THE SECOND UNITED NATIONS CONFERENCE ON THE LAW OF THE SEA

I. INTRODUCTION

The Second United Nations Conference on the Law of the Sea will be convened in Geneva from March 17 to April 15, 1960. The Conference will devote itself exclusively to the two subjects which were left unsettled by the First Conference on the Law of the Sea — the questions of the breadth of the territorial sea and of fishing limits.[35]

2. Cabinet has agreed that the Honourable George Drew should lead the Canadian Delegation, and should be assisted by 13 Delegates, Advisers and Liaison Officers.

3. The prospects of the Canadian proposal (a 6-mile territorial sea and a further 6-mile exclusive fishing zone) have been improving; however, the proposal for a discretionary 3-to-12 mile territorial sea has also strengthened since the last Conference. At the present time, there are about 27 states which claim territorial sea limits in excess of 6 miles; this group will come close to wielding a veto power at the Conference over proposals calling for a 6-mile territorial sea. In addition, a number of Western European countries, the United Kingdom and the United States may oppose the Canadian proposal on the grounds that it does not recognize "traditional fishing rights;" some Western European states might well prefer the failure of the Conference to its adoption. If the voting strength of the extremist states claiming a 12-mile territorial sea is increased by the addition of the negative votes of these Western European states, the Canadian formula will not be able to obtain the two-thirds majority support necessary for its adoption. Nevertheless, it seems likely that if agreement is to be reached at the Conference, it will have to be upon some compromise formula such as the Canadian proposal which stands more or less as a half-way house between the positions of the Soviet Union and a number of Latin American, African and Asian states on the one hand, and the position of the Western Powers on the other, each of which groups is capable of vetoing the solution of the other. On balance, however, the prospects of the Conference cannot be considered good.

II. RECOMMENDATIONS

4. I recommend, with the concurrence of the Minister of Fisheries and of Northern Affairs and National Resources, that:

(a) The Canadian Delegation be authorized to put forward at the Conference a proposal for a 6-mile territorial sea and for a further exclusive 6-mile fishing zone (the Canadian proposal);

[35] Voir/See Volume 24, document 80.

(b) The Delegation use its discretion to determine the most appropriate time, during the proceedings of the Conference, for putting forward the Canadian proposal, and in determining which countries should be asked to act as co-sponsors;

(c) If necessary, in order to facilitate Western European, United Kingdom and United States support for the Canadian formula, the Canadian Delegation be authorized, during debates at the Conference and in private discussions, to make known that Canada is willing to negotiate bilaterally or multilaterally with countries which now fish within the 6-to-12 mile zone off Canada's coasts, making clear, however, that the purpose of such negotiations would be to reach agreements on a phasing-out period of a maximum of ten years, which agreements would come into effect on the condition that the Canadian formula is adopted by the Second Conference and ratified by the states in question.

(d)(i) In the event that Portugal and Spain are interested in negotiating a bilateral phasing-out period, the Canadian Delegation be authorized to negotiate at the Conference itself such agreements for a maximum period of ten years; or, if this is not possible, to agree on behalf of Canada, in principle, to the negotiation of such agreements after the Conference (on the assumption that the Canadian proposal is approved by the Conference).

(ii) In the event that the United States and France evince interest in negotiating a bilateral phasing-out period of a maximum of ten years, the Canadian Delegation may commence negotiations on this basis, but should refer to the Government for instructions as to the substance of the agreements concerned in other respects before carrying the negotiations beyond the initial stages.

(e) In the event that the above-mentioned countries are unwilling to support the Canadian proposal on the grounds that a ten-year phasing-out period is inadequate from their point of view, and should it appear that the Canadian proposal cannot succeed without their support, Cabinet should be informed.

(f) If, during the deliberations of the Conference, it should appear that the Canadian proposal would have a better chance of obtaining the necessary two-thirds majority support if amended so as to recognize a phasing-out period of a maximum of ten years, the Canadian Delegation is not authorized to introduce, nor to support such an amendment to its own proposal without prior reference to the Government, which will take a decision in this respect in the light of the United States attitude towards the bilateral settlement of outstanding territorial waters issues between the two countries.

(g) In the light of developments at the Conference, the Canadian Delegation is authorized to put forward, or actively seek the success of the fall-back position approved by the Cabinet Committee on Territorial Waters at its meeting on October 13, 1959, for an exclusive 12-mile fisheries jurisdiction, with no provision being made for the territorial sea. It is understood that the Canadian Delegation should endeavour to have both branches of the Canadian proposal voted upon as a unit, but if it appears that a divided vote would be to Canada's advantage, the Canadian Delegation might, at its discretion, support or call for a division in voting at any stage of the Conference proceedings, and might, in general, take whatever procedural steps with regard to voting on the Canadian proposal which seem to be to Canada's best advantage.

(h) If the 12-mile fishing zone is approved separately, with no provision on the breadth of the territorial sea, or in the event that neither the 12-mile fishing zone nor the 6-mile territorial sea is approved, and should there be a revival of the tripartite proposal which was put forward by Canada, India and Mexico at the First Conference (which, in addition to a 6-mile territorial sea and a further 6-mile exclusive fishing zone, would have recognized existing territorial sea limits between 6 and 12 miles, provided that these were declared prior to the beginning of the Conference), the Canadian Delegation should seek new instructions from the Government.

5. The Canadian Delegation should make every effort to keep Ottawa completely informed of all significant developments, so that decisions can be taken by the Canadian Government in the light of developments as they occur, bearing in mind that the primary objective of the Declaration is to achieve majority support for the Canadian proposal or, failing this, for a 12-mile exclusive fishing zone.[36]

H.C. GREEN

43. DEA/9456-RW-8-40

La délégation à la Conférence sur le droit de la mer au secrétaire d'État aux Affaires extérieures

Delegation to Law of the Sea Conference to Secretary of State for External Affairs

TELEGRAM 329 Geneva, March 15, 1960

CONFIDENTIAL. OPIMMEDIATE.

Repeat Washington, London, Permis New York, NATO Paris (Information).

By Bag Oslo from London.

LAW OF THE SEA — ASSESSMENT OF DEVELOPMENTS

It has not repeat not been possible to send to you an earlier general summary and assessment of developments at the Conference. As you know, the first few days were devoted to procedural and organizational matters (see my telegram 287 March 18).† It was only during the past week that discussions in the Committee of the Whole began to gather momentum. My telegrams 303 March 22,† 302 March 22,† 311 March 24,† and [number missing] March 28, give a brief summary of the positions of the thirteen countries which have spoken to date and of the schedule of work which is planned in the Committee of the Whole.

2. Significant developments at the Conference can, I think, be summarized as follows:

(a) *The Mexican Procedural Amendments* (see my telegram 287 March 18 for a description of these and their possible effect). The tactical reasons for Mexico's reintroducing the two-thirds majority rule for consideration of proposals are somewhat uncertain but it is possible that the amendment was designed to make changes of position more difficult in the Committee by impeding the switching of votes to a compromise positions (i.e. away from the 12-mile Territorial sea position).

(b) The differences between the new Soviet proposal and the formula which it submitted at the First Conference are discussed in my telegram [302] March 22. The new Mexican proposal is set out in my telegram [302] March 22. Opinion at the Conference is divided as to whether the introduction by the Soviet Union of the discretionary 3-to-12 mile territorial sea proposal (the proposal put forward by Mexico and 7 other powers at the last Conference) and the submission of a new formula by Mexico represents an agreed strategical manoeuvre worked out in advance by the main countries favouring a 12-mile territorial sea limit, or whether, as is perhaps somewhat more likely, the Mexicans decided to push for a more extreme position in Committee for tactical reasons, reserving the 3-to-12 mile formula as a compromise for plenary, the Soviet Union then putting forward the 3-to-12 mile formula in Committee on their own initiative. Whatever the explanation, the result would appear to be a possible weakening in the prospects of the proposal for 3-to-12 mile territorial sea. The fact that this has now

[36] Approuvé par le Cabinet le 8 mars 1960./Approved by Cabinet on March 8, 1960.

become the official Soviet position rather than one put forward by some Latin American, African or Asian states might well have an effect on the attitude of many of the uncommitted nations.

(c) *USA Formula.* As you will note from the text of this formula telegram 311 March 24 the concept of traditional fishing rights, while limited in some respects by Article 3 of the proposal, is stated in such broad terms (for example the original USA formula was more restricted in application with regard to the area in which the rights can be exercised) that it seems clear that the proposal has been put forward with little hope of success, and rather as a point of departure, so to speak, for a future compromise. USA Delegation has in fact made it clear to us on a number of occasions that the proposal is being put forward more or less as a concession to certain distant water fishing states and to their own fishing industry. I am convinced that the broad terms in which this concept is put forward reflects the influence of their fishing lobby.

(d) *The French Position.* The French Delegation has indicated a willingness to enter into a bilateral agreement with Canada for phasing-out. While the precise length of time they would agree upon is not repeat not certain, we have the impression that they would accept a 10 to 12-year phasing-out period (to come into force on the adoption of the Canadian proposal) provided that Norway and Denmark, in addition to Canada, would grant France a similar period. Professor Gros intimated that on these conditions France would both support the Canadian formula and agree to the extinction of its treaty rights. The discussion was, however, purely informal and exploratory.

(e) *The Norwegian Position.* It appears that Norway is reluctant to entertain the notion of bilateral agreements. If there is to be phasing-out, they seem to prefer it within the rule of law itself. It is possible that the Norwegian Government is concerned about complications with regard to EFTA negotiations. If there are to be any bilateral fishing concessions, they may consider it to their advantage for such concessions to be made in the context of EFTA and in exchange for concessions in that field by the UK or other countries. In any event, the Norwegians are not repeat not prepared to entertain the notion of a tapering-off period as part of the rule of law unless clear evidence can be adduced that such a concession is essential to ensure majority for the Canadian proposal. Norway has also enquired about the possibility of being able to claim a phasing-out period for fishing in the 3-to-12 mile zone off the Canadian Atlantic coast (assuming Norway could claim traditional fishing rights under the USA formula). While to date these discussions with Norway have been most informal, it would seem that their negative attitude towards the bilateral approach could place obstacles in the way of its success.

(f) *New Support for the Canadian Proposal.* Several new countries have indicated support for our formula: e.g. South Africa, Liberia, Brazil, Haiti, Colombia and possibly Chile and Argentina.

3. In general, the debates so far have been moderate in tone and, on the whole, encouraging. However, the Conference is still in its preliminary stages with many states remaining rather reluctant to indicate either in the debates or informally what solutions they are ultimately prepared to accept. The opinion of many of the delegations with which we have had discussions (for example Portugal, Italy, New Zealand, Australia) is that, under present alignments, no repeat no proposal can come close to obtaining two-thirds majority support and that only agreement between Canada and the USA may break the impasse and perhaps pave the way to a Conference agreement.

4. Canadian tactics have been to remain firmly in favour of the unqualified 6 plus 6 and to emphasize the desirability of bilateral or multilateral agreements. To date, there has, however, been no USA reaction to a number of informal suggestions that there might be advantages in

Canada-US Delegations consultations. We have the impression that because of the fishing lobby influences within his Delegation, Mr. Dean is unable either to initiate or to agree to such discussions until the defeat of the USA proposal in Committee.

5. This has not repeat not limited my personal contacts with Dean and I have seen him privately twice to explore the prospects and timing Canada-USA understanding which we both regard as essential to the success of the Conference.

6. As you know, we delayed until the first week of the debate the submission of the Canadian proposal and the making of the main Canadian statement. After due consideration it was our opinion that because of the compromise nature of the Canadian proposal, it would be better to let the Soviet Union and the US table their own proposals and make their own statements before coming forward ourselves. This has enabled us to give full emphasis to the compromise nature of the Canadian proposal. We refrained from waiting any longer before submitting our proposal in view of the fact that this might have given rise to speculation among some states as to whether the Canadian position was not firm. This would have made it more difficult for certain states to make clear statements in support of the Canadian proposal.

7. I might add that our relations with the UK Delegation have been close and extremely cordial. The Head of the Delegation, the Right Honourable John Hare has been of assistance to us with regard to the timing of our proposal and statement. I know that he suggested to Mr. Dean that it would be desirable for Dean to table the US proposal and make the US statement before the Canadian statement was made.

8. If this is satisfactory we propose to continue to send you reports of trends and developments on the Conference at the end of each week.

[G.A.] DREW

44. DEA/9456-RW-8-40

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Secretary of State for External Affairs to Prime Minister

SECRET. CANADIAN EYES ONLY. [Ottawa], April 7, 1960

LAW OF THE SEA

In the attached telegram,†[37] Mr. Drew reports that the United States and the United Kingdom have agreed to support the Canadian formula with the addition of a ten-year phasing-out period of traditional fishing practices in the outer six mile fishing zone. It is proposed that Mr. Drew and Mr. Dean withdraw the present Canadian and United States proposals in committee tomorrow and table in their place a joint Canadian-United States formula incorporating a ten-year phasing-out period. It is expected that, in addition to the United Kingdom, most of the Western European and other countries which have been insisting on the preservation of historic fishing rights, will now support this compromise.

Among the reasons cited by Mr. Drew for submitting a proposal along these lines at this early stage in the Conference proceedings are:

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[37] Télégramme 413 de Seadel à Ottawa, le 6 avril.
Seadel to Ottawa telegram 413, April 6.

(a) According to the Delegation's present assessment, the prospects are that neither the Canadian unqualified "six-plus-six" nor the United States "historic rights" formula would receive a majority vote in committee. On the other hand, it is almost a certainty that the Soviet 12-mile proposal would gain a majority vote. It is Mr. Drew's view that if the Soviet 12-mile formula were to emerge as the only proposal accepted in Committee, the prospects for any Western six-mile proposal in plenary session would be shattered.

(b) A number of the states in favour of a six-mile territorial sea have been indicating a growing impatience with both the United States and Canada for their apparent inability to reach a reasonable compromise which they could all support.

(c) A number of these states, including Ghana and Pakistan, have been suggesting various compromises and have been threatening to introduce such proposals themselves in the absence of a United States-Canadian agreement.

An even more important consideration in assessing these developments is the fact that, for the first time since the commencement of the First Conference on the Law of the Sea in 1958, the United States and the United Kingdom will be united with Canada in support of a common position. The prospects for the success of the Conference will be greatly enhanced by this solid alignment. At the same time, as Mr. Drew has pointed out, even if the Conference fails to accept this proposal, Canada will have gained substantially by having achieved a common position with the United States which preserves the basic elements of the original Canadian formula. (As you are aware, the incorporation of a phasing-out period of up to ten years in the Canadian proposal has, in any case, been regarded as a fall-back position to which the Canadian Delegation could ultimately agree.)

Unfortunately, a report of this compromise arrangement has already been leaked to the press in Geneva and its details are now known to the public. In the circumstances, I propose, if you agree, to advise Mr. Drew of our pleasure at this development and of our agreement with the course he has proposed.[38]

H.C. G[REEN]

45. DEA/9456-RW-4-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le chef de la délégation à la Conférence sur le droit de la mer

Memorandum from Assistant Under-Secretary of State for External Affairs to Head, Delegation to Law of the Sea Conference

CONFIDENTIAL [Ottawa], April 7, 1960

STATEMENT EXPLAINING THE CANADA-U.S. PROPOSAL

There are a couple of points which I suggest you might make in addition to those outlined in the draft statement I gave you the other day.[39]

2. It may be important to dispel any impression that this joint move is inspired by cold war considerations. Neutrals may be tempted to avoid taking sides if the struggle appears to resolve itself into a Soviet bloc vs. a Western attempt to achieve a propaganda victory. Perhaps this reaction may be anticipated and prevented if you were to take the line that both we and the U.S. came to the Conference with different positions in traditional fishing rights. The two

[38] Télégramme à Drew non retrouvé./Telegram to Drew not located.
[39] Non retrouvé./Not located.

positions have now become reconciled in the light of the general impression which emerged from the debate that such an arrangement would be more equitable and more likely to assist the Conference in reaching a positive decision. The tabling of the joint proposal may thus be presented as a response to a broad desire on the part of many delegations to find a satisfactory solution rather than as a previously conceived Western operation executed in carefully prepared stages.

3. In introducing the joint proposal, you may also wish to stress that it is an attempt to provide an answer to the two basic issues facing the Conference. You may wish to urge delegations to facilitate a decision by not attempting to broaden the debate and to introduce other issues. Such issues may be important and urgent but they are not covered by our terms of reference and they may, in the end, divide us and result in the failure of the Conference.

4. I am afraid that as attitudes tend to become polarized around two basic schemes and the choice facing the Conference becomes clearer, a number of countries will now try to bring out favourite projects and to tack them to the particular kite which their side is flying. It will not be possible, I know, to say this openly, but an appeal to stick to the main issues, to concentrate all efforts in resolving the main business if success is to be achieved, may have a salutary effect.

5. If you ask what I have in mind specifically, I can mention, for instance, the Cuban and Vietnamese itch to discuss the preferential rights of coastal states as to fisheries over the continental shelf or the desire of a number of states to have the general rules to be adopted amended in such a way as to deal with particular situations. Such attempts to deal with individual cases defeat the purpose of legislature. The Norwegians for instance wish to ensure that trawlers may be excluded from certain areas, attempts to cover "historic waters" may render meaningless the rules to be adopted.

6. The point to be made essentially, is that the Conference can just do so much in its task of legislation and that attempts to broaden the scope of its work may compromise the chances of success. This should be coupled of course with an expression of willingness to be flexible; to avoid hardship and, whenever possible to develop a general rule which reflects the common interest to the maximum extent possible.

7. Perhaps this point could best be presented as the first one; the simplicity of the joint proposal is in response to the keen and widespread desire of delegations to reach a generally acceptable solution, in the full appreciation of the fact that the proposal does not solve all particular problems and that some general problems may be left for later consideration or for agreements outside the rule of law.

M. C[ADIEUX]

46. H.B.R./Vol. 3

Note pour le premier ministre

Memorandum for the Prime Minister

[Ottawa], April 11, 1960

LAW OF THE SEA

Attached are:

(a) the original Canadian proposal as tabled by Mr. Drew on March 24,†

(b) the text of the joint Canadian-U.S. proposal presented by Mr. Drew and the United States representative, Mr. Dean, on April 8.† The essential difference between these two proposals is the inclusion in the joint U.S.-Canadian draft of a clause providing for the establishment of a ten-year period during which states which have made a practice of fishing in the outer six-mile

zone of other states may continue to do so for a period of ten years from October 31, 1960. This clause is a compromise between the straight six and six formula of Canada and the original United States proposal for a recognition of these historic "rights" in perpetuity.

Why did this compromise become necessary? The Canadian Delegation and others in Geneva have been conscious of the vital importance of the Conference reaching a reasonable solution of the problem of the breadth of the territorial sea and of fishing zones. It has become increasingly apparent from statements made by delegates from countries holding moderate views that an agreed Canadian-United States position represented the best hope for a generally accepted solution. Unless support for the separate Canadian and United States proposals could be consolidated, there was a serious danger that an extreme proposal might be adopted. As a result, the United States agreed with Canada to drop from their proposal the claim for historic fishing "rights" in perpetuity, while Canada for its part has agreed to have included in the rule of law a ten-year phasing out period for these historic "rights." Consequently the joint proposal represents a genuine compromise between the two proposals neither of which, it appeared at the Conference, might have been able to command the required support.

The hope is that with the achievement of this compromise between Canada and the United States a sufficient number of countries will rally to the support of the new joint proposal to ensure the necessary two-thirds majority, thus enabling the Conference to reach a successful conclusion.

The vote in committee will take place on Wednesday April 13. Present prospects are unpredictable but every effort is being made both at the Conference and through diplomatic channels to promote the acceptance of the new formula.[40]

47. DEA/9456-RW-8-40

Extrait d'un télégramme de la délégation à la Conférence sur le droit de la mer au secrétaire d'État aux Affaires extérieures

Extract from Telegram from Delegation to Law of the Sea Conference to Secretary of State for External Affairs

TELEGRAM 534 Geneva, April 14, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: My Tel 526 Apr 13/60.

Repeat London, Washington (Information).

WEEKLY SUMMARY: LAW OF SEA

The following are further comments on the voting in yesterday's debate and on the prospects for success in plenary session.

2. There seems no repeat no question that the addition of a 10-year phasing-out period to the Canadian proposal has proved effective and successful. The phasing-out period has brought about the support of virtually the entire Western European group for our 6 plus 6 formula as well as a number of other Asian and Latin American states which were in favour of a period of adjustment prior to the general adoption of a 12 mile fishing zone. Furthermore our impression is that, with the exception of Iceland which we still hope will be in a position to support the

[40] Le 13 avril, la proposition conjointe Canada-États-Unis a été adoptée par 43 votes favorables contre 33, avec 12 abstentions.
On April 13, the joint Canada-US proposal was adopted by 43 votes in favour, 33 against, with 12 abstentions.

Canadian resolution in plenary session, the addition of the phasing-out period to the Canadian proposal did not repeat not lose a single vote for the 6-mile territorial sea. The votes of Argentina as well as Chile, Equador, Peru and El Salvador were not repeat not forthcoming for our proposal because of their concern about preferential fishing rights beyond the 12 mile fishing zone. With regard to Burma it is clear that their vote in favour of the 12 mile territorial sea and against the Canada-USA formula was on grounds of solidarity with the Afro-Asian group. Yugoslavia also voted against our proposal but the phasing-out period probably made no repeat no or little difference to their attitude which was generally uncooperative and pro-Soviet.

3. As you know the prospects for the success of the Committee resolution in plenary session seem reasonably good but success cannot by any means be regarded as assured. Two possible dangers which we may have to face in plenary session concern:

(a) A proposal along lines put forward by Argentina relating the qualifying period for claiming historic rights to the motion of prescription and thus extending the period to some length such as 30 years. (The success of such an amendment would clearly upset the terms of our compromise and the prospects of the proposal.)

(b) A divided vote on the various paragraphs of the proposal. There are of course other possibilities which may emerge in plenary session such as an attempt to adjourn the debate; it will have to be expected that certain countries such as Mexico will be manoeuvring behind the scenes for the failure of the Conference.

4. General tactics of the Soviet, Arab and Mexican Delegations emerged towards the end of the debate in Committee Session. It may be expected that they will continue to emphasize these arguments to an even greater degree in the course of the next week. The main arguments they put forward to weaken our proposal are:

(a) Canada-USA formula is not repeat not a compromise; it is a mere arrangement between countries favouring two aspects of what is essentially the same position; there has been no repeat no compromise on the territorial sea because the 3 mile limit does not repeat not exist any longer and the 6 mile limit is the starting point of the Western Maritime group. Any compromise on territorial sea, it is argued, would have to take the USA and UK beyond 6 miles.

(b) A two-thirds majority would be a mere "automatic" or "paper majority" in that one-third of the states of the world would not repeat not abide by it — for example the Russians — and therefore the 6 mile limit would never become genuine international law. In fact those favouring a 12 mile limit could set up a competing convention recognizing the 12 mile limit.

(c) *Security Argument.* It is argued that 12 mile limit is essential for the security of small states — it will prevent western warships from coming close to their coast, performing exercises, etc. The arguments on the security side have been continually put forward but on the whole in reasonably restrained terms and (with the exception of Saudi Arabia whose last intervention was slightly more moderate) consistent with the desire not repeat not to introduce too much venom in the debate at this point.

(d) The failure of the Conference is better for the small states than its success. Mexico has argued continuously that if the Conference fails the 12 mile limit will be eventually sanctioned through usage.

. . .

8. In order to see the success of the Conference we have as you know suggested that efforts will be required on four fronts with respect to (1) the Icelandic problem (we consider that the Icelandic vote will be essential to the success of the joint proposal; (2) the question of passage of warships in the outer 6 mile zone (we have yet to learn whether India will accept the US-

UK proposal. Mr. Sen said yesterday that Cabinet may have to decide. In the meantime Pakistan seems to be concerned about Indian requests and may raise objections). (3) the question of preferential rights in the high seas adjacent to the exclusive fishing zone (we are discussing this matter with USA Delegation today) and (4) the question of technical assistance to newer tasks regarding the development of a modern fishing industry.

9. You will have received telegrams on all of these four points.

[G.A.] DREW

48. DEA/9456-RW-8-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire en Inde

Secretary of State for External Affairs
to High Commissioner in India

TELEGRAM L-153 Ottawa, April 18, 1960

SECRET. EMERGENCY. OPIMMEDIATE.

Reference: Our Tel L-148 of Apr 14/60.†

Repeat SEADEL, Geneva, Washington (OpImmediate) (Information).

LAW OF THE SEA — PASSAGE OF WARSHIPS

Our Delegation in Geneva has learned that the Indian Delegation has been instructed by Delhi not to accept the US-UK compromise offer on the notification by warships in the outer six-mile zone. The Indian vote is of course critical to the success of the joint Canada-US proposal and we understand that Mr. Nehru has himself been involved in this decision. We should like you therefore as a matter of urgency to press the Indians to reconsider this decision. You should if possible see the Prime Minister himself and leave aide-mémoire.

2. We are deeply concerned about the possible failure of the Second UN Conference on the Law of the Sea which is now entering its final phase at Geneva. The success of this Conference must rest on the acceptance of the joint Canada-US proposal — the only one to receive a majority vote in Committee. The failure of the Conference to settle the breadth of the territorial sea and the extent of the contiguous zone will endanger the immense achievement of the First Conference and the inability to agree on these two critical issues could furthermore lead to chaotic conditions which in themselves could pose a threat to the peace of the world.

3. It is therefore hoped that Mr. Nehru may find it possible to reconsider the decision which we understand has been taken against committing Indian support for the joint Canada-US proposal as supplemented by the latest US and UK formulas for the passage of warships through the outer six-mile contiguous zone. We feel sure that the Indians share our belief that the best interests of all nations would be served by the success of the Conference and that its failure would have most unfortunate results. While they are undoubtedly moved by considerations of national security we wonder nevertheless whether it would be possible for them to weigh once again the advantages which would accrue to India through the complete codification of the law of the sea against the particular concession involved in accepting notification in lieu of authorization on the issue of passage of warships.

4. The major Maritime powers of the West have in a spirit of compromise moved to the position represented by the joint Canada-US proposal after having made many major concessions. Their offer to agree to notification in the outer six-mile zone without prejudice to the conflicting views of states on the procedure which should apply in the territorial sea is a

further example of their willingness to compromise in the interests of a successful outcome to the Conference.[41]

5. For the first time in history the world community, through give-and-take across the Conference table, is on the threshold of achieving a codified law of the sea. With India support we believe that the joint Canada-US proposal would prove acceptable to the great majority of the nations assembled in Geneva. Otherwise we fear that at this stage no other proposal can gain acceptance. We hope therefore that the Indians will find it possible to instruct their delegation to explore with the major Western Maritime nations the kind of arrangements they would be prepared to make to meet the Indian situation so that their delegation could be authorized to support the Canadian-USA proposal.

HOWARD C. GREEN

49. DEA/9456-RW-8-40

La délégation à la Conférence sur le droit de la mer
au secrétaire d'État aux Affaires extérieures

Delegation to Law of the Sea Conference
to Secretary of State for External Affairs

TELEGRAM 560 Geneva, April 20, 1960

SECRET. CANADIAN EYES ONLY. EMERGENCY. NO CIRCULATION.
FOR PRIME MINISTER PERSONALLY.

LAW OF THE SEA — PASSAGE OF WAR SHIPS

India is now one of the most important factors in obtaining the necessary two-thirds majority. We have sent extensive telegrams to Ottawa on this subject which can be digested for your information, but briefly this is the situation.

2. The Indian Government is pressing for a resolution which will declare that war ships must secure prior consent for innocent passage in the outer six mile zone which we have described as the fishing zone. In today's telegrams numbers 217† and 218† Ronning has given an excellent report of the situation at Delhi.

3. It is clear that India has no repeat no other interest in the question of notification, consent or other restrictions on the operation of war ships than their preoccupation with Pakistan's movement of ships between the separated parts of their country. Khrishna Menon has his Deputy Minister of Defense watching Sen at Geneva, and I must say that he is as sinister a character as I have seen in many a day. I mention this to explain why India insists upon "prior consent" for innocent passage of warships. This has no repeat no other purpose as far as they are concerned than an attempt to restrict the movement of vessels between East and West Pakistan.

4. Now that Ghana has declared that they will support our proposal, India would be the only member of the Commonwealth adopting a contrary position and aligning themselves with the USSR in a demand for a twelve mile territorial sea.

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[41] La phrase « In this same spirit arrangements might be elaborated which would come closer to meeting the Indian Government's concern », a été rayée par Green.
The sentence "In this same spirit arrangements might be elaborated which would come closer to meeting the Indian Government's concern," was crossed out by Green.

5. I know that you are aware of Nehru's high regard for you personally and also the feeling amongst the responsible members of the Indian Government that Canada has no repeat no hidden motives.

6. Under these circumstances may I suggest that you give consideration to the desirability of an urgent message to Nehru or perhaps a phone call, in which you would express the hope that with the Prime Ministers' Conference only two weeks away, India will not repeat not stand alone in opposing a position which has now been accepted by every other member of the Commonwealth. It might be appropriate to point out that in so many fields we have found common ground and that having regard to our close personal relationship, you would hope that we might join forces in the support of the only proposal which now offers any hope of world wide agreement as an alternative to chaos.

7. As the voting will take place later this week, may I suggest that if you concur with this suggestion, the message to Nehru be transmitted as soon as possible.

8. What may seem obvious but perhaps requires emphasis is that having regard to the vote in committee the issue is no repeat no longer between two conflicting points of view but is now simply between the acceptance of the six plus six formula by 2/3 majority or failure of the Conference which will be as disastrous for India as for any other country in the world.

9. I need not repeat not emphasize that a satisfactory outcome of this Conference is of immense importance to Canada, implementing as it would the advantages already gained at the earlier Conference in the measurement of base lines and the right over the continental shelf. The support of India will have a profound effect on the Afro/Asian countries now uncertain about the course they will follow. The success or failure of this Conference may well depend on Nehru's personal decision.[42]

[G.A.] DREW

50. DEA/9456-RW-4-40

La délégation à la Conférence sur le droit de la mer au secrétaire d'État aux Affaires extérieures

Delegation to Law of the Sea Conference to Secretary of State for External Affairs

TELEGRAM 623 Geneva, April 25, 1960

CONFIDENTIAL. EMERGENCY.

Following for the Prime Minister:

LAW OF [THE] SEA — INDIA'S POSITION

1. I have just learned from Sen, Leader of the Indian Delegation, that he will now vote against the joint Canada-USA proposal. He showed me a telegram he had just received from New Delhi saying that as there was no repeat no provision for the control of warships in the outer six miles to which they attached such importance there was no repeat no choice but to

[42] Note marginale :/Marginal note:
Given to Prime Minister April 20. Received from Prime Minister in London during PMs' meeting. April 30. H.B. R[obinson]
Note sur le bordereau d'envoi joint :/Note on attached routing slip:
As P.M. passed this to me I think it could go on DEA's files if not already there. So far as I know no action was taken on this recommendation from Mr. Drew. [H.B. Robinson]

vote against the Canada-USA proposal. I am confident this is Krishna Menon's work because they gain nothing and lose a great deal by the failure of the Conference.

2. This comes to us as a very disappointing blow particularly as we had been led to believe that India would abstain. India's position is likely to influence a number of votes and may wreck the Conference.

3. UK Delegation have reported this development to London and suggested urgent appeal to Mr. Nehru from Macmillan.

4. In the circumstances I suggest that you consider speaking to Nehru personally, pointing out that India's attitude may mean the failure of an important UK, Canada, USA undertaking which was on the point of providing a solution satisfactory for a large number of countries on many, if not repeat not all, problems relating to the law of [the] sea. The only alternative is no repeat no law at all.

5. Before we learned this news, there was good reason to believe that the joint proposal was likely to receive just enough votes to obtain the required two-thirds support on the assumption that India would abstain.

6. This is in fact almost a deliberate act of sabotage, because USA and UK have indicated their willingness [le document est déchiré/original torn] to notification where ships enter outer six miles. [Le document est déchiré/original torn] as India is concerned for supporting our proposal or at least abstaining is that on a basis of international law established here a solution of this problem by the UN presents no repeat no serious difficulty in view of the position taken by USA and UK. That in fact is the only place that this problem can be dealt with effectively.[43]

[G.A.] DREW

51. DEA/9456-RW-8-40

La délégation à la Conférence sur le droit de la mer
au secrétaire d'État aux Affaires extérieures

Delegation to Law of the Sea Conference
to Secretary of State for External Affairs

TELEGRAM 635 Geneva, April 26, 1960

SECRET. OPIMMEDIATE.

Repeat London, Washington, NATO Paris, Permis New York (Information).

By Bag Oslo from London.

CONFERENCE ON LAW OF [THE] SEA — FINAL VOTING IN PLENARY

Our assessment leading up to the hour of the voting indicated an extremely small margin of votes above a bare two-thirds majority for the Canada-USA proposal. It was apparent that 2 or 3 or perhaps even one vote, would be decisive. However, even with the disappointing attitude of India there were grounds for optimism.

2. The joint proposal failed to be adopted by the closest possible margin. If any one country voting in the negative had abstained, the proposal would have been adopted. Similarly, if any two countries abstaining had voted in favour the Conference would have succeeded. There was good reason to think that Chile and Ecuador had found accommodation in the three-power

[43] Note marginale :/Marginal note:
Prime Minister said on being shown this April 25 at 1 pm that he saw no purpose in contacting Mr. Nehru at this time. H.B. R[obinson] April 25.

amendment providing for preferential rights which they had actively promoted and voted for in plenary. However both states voted against.

3. While the negative vote of India and Burma was expected, the negative votes of Chile and Ecuador were not repeat not. Moreover, it was expected that Japan and the Philippines would vote in favour of the proposal: however, they abstained. On the motion for reconsideration, Chile and Japan both voted in favour; on the other hand Ghana voted for the joint proposal, but against reconsideration.

4. What was particularly unfortunate was that as part of the agreement whereby the proposal on special situations was put forward, Chile agreed to support the Canadian-USA proposal and Ecuador agreed to abstain. Their negative votes were thus completely unexpected. The failure of the Canadian-USA proposal was thus due in part to the failure of these countries to keep their part of the bargain. It also failed partly because of the attitude of India which appeared fully prepared to do [its] share to wreck the possibility of a Conference agreement.

5. There was reason for gratification, however, about the positive votes of a number of states, such as Argentina, Finland, Tunisia, Jordan, Ghana and Ethiopia and about the abstentions of Lebanon and Iran.

6. There was a rapid erosion of support for the Canada-USA proposal when the decision came to be taken for reconsideration. Four states, Cuba, Finland, Paraguay and Tunisia, changed their votes from in favour to abstention, and Ghana changed from in favour to against. This can be attributed to the strong stand taken by certain Arab and Latin American states and by the Soviet bloc, in the case of Finland.

[G.A.] DREW

52. DEA/9456-RW-8-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 1099 Washington, April 27, 1960

CONFIDENTIAL. EMERGENCY.

Repeat SeaDel Geneva Emergency (Information).

LAW OF THE SEA

It is almost incredible to think that because of one vote the community of nations should be denied a rule of law. We can fully appreciate the deep disappointment which our delegation must feel after having worked so diligently for the success of the Conference.

2. So far as we have been able to ascertain no repeat no fruitful consideration has yet been given in the State Department to possible ways and means of salvaging the measure of agreement which was achieved at the Conference. At least they have come up with nothing new.

3. I notice, that in this morning's *Washington Post*, both in an editorial and in a news item, Dean is reported as having suggested that there was a chance that the fifty-four nations which voted for the joint proposal might sign a treaty of their own and register it with [the] UN. We checked with the office of the Law of the Sea at the State Department concerning this reported suggestion but up until this morning they had received no repeat no report from Geneva concerning it.

4. Our own Delegation in Geneva is in the best position to assess what possibilities, if any, remain to exploit the substantial measure of agreement achieved. No repeat no doubt every effort is being made to maintain UN framework for further negotiations. In the latter connection, one possibility, I suppose, would be the calling of a special session of the General Assembly. This would involve obvious difficulties which might well outweigh any possible achievement. Additionally there would be the problem of the loss of support of those countries which are not repeat not members of UN itself. The Delegation may have something else in mind. We have, I fear, nothing else to put forward from here.

[A.D.P.] HEENEY

53. J.G.D./XII/F/69

Note du haut-commissaire au Royaume-Uni pour le premier ministre

Memorandum from High Commissioner in United Kingdom to Prime Minister

[London], May 6, 1960

In view of Mr. Macmillan's request yesterday that you discuss with him the present situation in regard to the Law of the Sea, and possible courses which might be followed, I am enclosing a memorandum covering the suggestions which have been made already by many of those countries which voted for our proposal at Geneva.

I am also enclosing a copy of our proposal† which received 54 votes in favour, 28 against (including Chile, Ecuador, Peru, India, Iceland and Yugoslavia), with 5 abstentions (Cambodia, El Salvador, Iran, Japan and the Philippines). I am also enclosing the amendment to our proposal, presented by Brazil, Cuba and Uruguay. It carried by the overwhelming majority of 58 votes in favour, 19 against, with 10 abstentions.

Our proposal conformed in exact terms with that which we had put before the United Kingdom in London in June, 1959,[44] except that the Phasing Out Period was 10 years instead of 5. This was fully covered by our instructions.

After the utmost effort through diplomatic channels and at the Conference itself, we fell 1/2 vote short of a clear two-thirds majority. Had any one of the countries which voted "No" simply abstained, the vote obtained was sufficient.

Before another conference could be held new countries will be formally declared independent and would doubtless be represented at that conference. It would seem, therefore, that the chances of gaining a two-thirds majority for our position will diminish instead of increasing in the future.

Several of the countries which supported us at Geneva have indicated their belief that the best way to deal with this question is to proceed without delay to obtain approval of a Convention, signed by as many as possible of the 54 countries which stood together at Geneva.

Since our proposal, with the amendment I have mentioned, represents the combined effort of a world-wide group of countries representative of every area, the opinion has been expressed that it would be best to take that resolution and the amendment without change and, by an exchange of communications, obtain the assent of those who approve of this course. It is estimated that at least 40 countries would join immediately and that others would follow. In

[44] Voir/See Volume 26, document 52.

fact it is thought that a number of those which either abstained or voted against us might also join in the not distant future.

In answer to any suggestion that this does not cover all the countries in the world, it should be recalled that Russia, most of the Arab States, and several of the South American countries had made it perfectly clear that under no circumstances would they withdraw from the 12-mile territorial sea in any event. It is clear, therefore, that by the procedure of adopting a Convention almost precisely the same result would be obtained as would have been obtained if we had gained a two-thirds majority. In fact it could come into effect much more quickly.

It may be well to bear in mind that those states which supported our joint proposal do more than 3/4 of the world's fishing, more than 80% of the world's commercial fishing, and more than 90% of the world's commercial flying.

If under the Convention it were agreed that all the signing states would apply this Convention on their own coastal waters, and accept them on the coastal waters of other states, then practically everything would be achieved which we had hoped to achieve after very hard work at Geneva the week before last.

There is general agreement that, if such a Convention were in force over a period of even 10 years, the International Court of Justice would have little choice, in any case coming before it in regard to the subject matter of the Convention, to declare that this had already become a generally accepted rule of law and that it is the only discernible rule of law now in existence. When that happened we would then have established the same position as we would have established by a two-thirds majority at Geneva.

I submit that this is something which should be dealt with immediately. A strong sentiment has been built up throughout the world in support of a proposal which, in exact detail, is the Canadian proposal of two years ago, modified only by the reservation which we ourselves proposed in London last June with the full approval of the Canadian Government. Insofar as the additional amendment is concerned, this creates no disadvantage to Canada of any kind, and could in fact at some time in the future be of immense advantage to us on the east and west coasts because a special provision for those areas particularly dependent upon fishing would certainly apply to a great part of the east and west coasts. In any event, it can be said that by no stretch of the imagination does it create any disadvantage for Canada.[45]

Under these circumstances, it seems reasonable that Canada should continue to take the initiative in trying to gain acceptance of its own proposal for which it has been working so hard for more than two years. If the flood of sentiment in support of this proposal is allowed to ebb, then it may be very difficult to revive the spirit which displayed itself in such vigorous form in Geneva two weeks ago.

The diplomatic representatives of at least 15 of the countries which supported this proposal at Geneva have spoken to me in the past few days expressing the hope that what they regard as the Canadian proposal should be made effective in the form of a Convention as soon as possible. This sentiment has been expressed by coastal states, as well as distant fishing states.

There is a very strong reason why we should try to have our proposal made effective, in the only way it can now be done. No country in the world benefits as much as we do from the 105 Articles which were approved at Geneva two years ago. This is not yet effective law. Many of the countries which are anxious to make the Conventions of 1958 effective have been waiting until a definite decision had been made in regard to the measurement of the territorial sea and the fishing zone.

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[45] Note marginale :/Marginal note:
Whaling and sealing conv[entio]n [J.G. Diefenbaker].

By giving effect to our proposal in the form of a Convention at an early date, we could assure that the other 105 Articles would also obtain the necessary legislative approval and become a part of international law. I need not recall that this embraces such vitally important subjects to us as the measurement of base lines, and the law relating to the Continental Shelf and the exploitation of the resources in that area. These are two of the most important, but only two, of the many great advantages we gain from the earlier Convention. If the effective implementation of those earlier Conventions alone were the only reason for taking the initiative in obtaining a Convention covering the territorial sea and the fishing zone, they would justify that course in themselves.

One of the great advantages of making a decision without delay is that the Prime Ministers' Meeting now affords the opportunity to explore this subject with the heads of government which all supported our proposal, with the single exception of India. It is possible that with the obvious advantages of settling some known law Prime Minister Nehru might now be willing to sign such a Convention.

In every case of this kind, the question naturally arises as to whether there should be some delay to consult expert advice. The expert advice on this subject was represented by officials from Ottawa who were at Geneva. At a meeting held before we left Geneva, they expressed their unanimous support for a Convention which would incorporate our proposal in the manner which has been suggested. Those experts included the Legal Adviser of the Department of External Affairs, our leading expert on fisheries, and the Dean of the Law School of the University of British Columbia.[46] No questions in regard to fishing rights, treaties, or matters of that kind are involved. It would simply involve the support, and I would hope the initiative, for a plan which would put into effect the explicit proposals which have been given such careful consideration by the Canadian Government and approved with the advice of all the experts available.

The only question which could be raised would be as to whether this might have any effect on the settlement of any outstanding questions between the United States and Canada in relation to fishing rights. The advantage will be entirely in our favour in carrying out any negotiations in regard to treaties or other questions relating to fishing rights when a Convention is signed which formally extinguishes fishing rights along our coasts to a distance of 12 miles from the new base lines to be measured under the Conventions of 1958. Our bargaining power in reaching satisfactory conclusion with the United States will be infinitely greater when any question of historic rights has been extinguished by a Convention of this kind. Insofar as the 10-year Phasing Out Period is concerned, we would probably need most of that period in any event to measure the base lines around our coasts and to complete the negotiations which the Canadian Government suggested last October should be undertaken, but which the United States asked to have deferred until after the Conference. The period of adjustment is little more than we ourselves need to carry out the details of the 1958 Conventions and to carry out our necessary negotiations with the United States. If a new Convention is signed covering the proposal put forward at Geneva during the last Conference, then we enter into those negotiations with the greatly added bargaining power which will be in our hands as the result of a binding decision that historic rights have been extinguished subject only to the 10-year period of adjustment.

For the reasons I have put forward, I would hope that it may be possible for this subject to be discussed with the other Prime Ministers during the course of the next week.

G.A. DREW

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[46] G.F. Curtis.

54. PCO

Note du chef du Comité du Cabinet sur les eaux territoriales pour le Cabinet

Memorandum from Chairman, Cabinet Committee on Territorial Waters, to Cabinet

CABINET DOCUMENT NO. 161-60 [Ottawa], May 16, 1960
SECRET. CANADIAN EYES ONLY.

LAW OF THE SEA — POSSIBLE COURSES OF ACTION

The attached memorandum dated May 13, 1960 was submitted to the Cabinet Committee on Territorial Waters by its Interdepartmental Committee in the form of a Memorandum to Cabinet. The Cabinet Committee at its meeting of May 16 considered and approved it.

The memorandum examines the four courses open to the Canadian Government following the failure of the Second United Nations Conference on the Law of the Sea and concludes for the six reasons given on pages 3 and 4 that the multilateral approach offers the best solution. While a preliminary and necessarily tentative estimate indicates that some 45 countries might be willing to sign, it would be unwise to proceed with this approach until it is known that there is, in fact, sufficient support, especially from amongst the major maritime and air transport nations of the world. A delay would diminish the chances of success of such an approach. Consequently the recommendation which is endorsed by the Cabinet Committee is that Canada proceed immediately if the support which might be forthcoming would justify opening for signature a multilateral convention based on the joint Canada-United States proposal, which was introduced at the recent Law of the Sea Conference.

In order to have some indication of the articles which might be included in a possible multilateral convention, I requested that a draft convention be prepared. A copy is attached for your information.†

H.C. GREEN

[PIÈCE JOINTE/ENCLOSURE]

Projet d'une note pour le Cabinet

Draft Memorandum to Cabinet

SECRET. CANADIAN EYES ONLY. [Ottawa], May 13, 1960

LAW OF THE SEA — POSSIBLE COURSES OF ACTION

The failure of the Second United Nations Conference on the Law of the Sea to reach agreement on the breadth of the territorial sea and the fishing zone has left four courses open to the Canadian Government:

1. Take no action;
2. Take unilateral action;
3. Negotiate a series of bilateral agreements;
4. Support a multilateral convention embodying the provisions of the joint Canadian-United States proposal.

Circumstances are such that an early decision is urgently required.

No Action

National interests involved would seem to compel us to take one of the three positive courses of action suggested. As is indicated in the discussion in this memorandum a multilateral convention (course No. 4) is a practicable solution only if it is entered into in the near future. Therefore, if no action is taken, course No. 4 would be eliminated as a possibility leaving only courses 2 and 3 open to the Government. The disadvantages of both of these are discussed in the following paragraphs.

Unilateral Action

This might involve serious difficulties under International Law. If such action were taken in the near future, the United States, the United Kingdom, France, Spain, Portugal and other countries which are opposed to broader limits could challenge our action and it is not certain what the decision of the International Court would be. Furthermore such a course is not in line with statements made by the Government that we favour the orderly development of international law and, by implication, oppose unilateral decisions.

If at all, this course could only be followed after a large number of nations had already adopted it and when there appeared to be no alternative. If, at that time, many countries had taken a similar course, our chances before the Court would be much better. If Canada were however to extend unilaterally its limits in the immediate future there would be strong reactions from the United States and like-minded countries which, at this juncture, particularly, can be expected to take measures to discourage a general movement beyond six miles. This would place us in a difficult position.

It is probable that the United States would not find it advisable to use force to resist our claims but the powerful fishing industry lobby influence in the United States would be brought to bear to our detriment in regard to a number of measures which might be considered by the United States Congress. It may be relevant to mention here that the most important market for Canadian fish is in the United States. Furthermore, unilateral action by us would re-open an area of contention on fishing which existed for a century between Canada and the United States. While the United States Government might not retaliate directly, the fund of goodwill available to Canada might be seriously affected and there might be repercussions in other areas of critical importance to us. It is unlikely in such circumstances that the United States would have any sympathy towards our claims to the Gulf of Saint Lawrence, the waters of the Arctic Archipelago, Dixon entrance and Hecate Strait.

Furthermore, if Canada took unilateral action this would undoubtedly encourage other countries to claim more than a six mile territorial sea and this is not in our security interests because a wider limit affects the deployment of Western naval forces which are largely designed to operate on the surface without having a similar effect on the Russian submarine fleet. Because of this, NATO security interests would be seriously compromised.

Bilateral Negotiations

If Canada decided to achieve its aims through bilateral negotiations, the measure of agreement reached at Geneva and the efforts expended in achieving it would be entirely lost. Instead we would be forced to begin a difficult series of negotiations with a number of countries which have an interest in fishing off our coasts. When faced with strong opposition to our demands from most of these countries, it is unlikely that Canada would succeed in satisfactorily settling differences with any one of them in terms more advantageous than those which were worked out in Geneva.

This is particularly true as regards the United States and France. At Geneva, the Americans and the French made concessions on historic fishing rights only because they hoped to obtain a rule of law on the territorial sea which would meet their security interests. In the absence of

this result it is reasonable to assume that the Americans and the French will be unwilling to make the same concessions on fishing except in return for benefits which they would consider of equal importance. It is unlikely, therefore, that Canada would obtain the same concessions in bilateral agreements that we obtained at Geneva, and improbable that we would obtain additional ones, either in reducing the 10-year phasing out period or in regard to claims relating to waters along our coasts.

If we were to take no action, in the absence of an agreed multilateral arrangement, it seems to us that the security situation will deteriorate to the point where, from the United States point of view the strategic aspects of the negotiations will become irrelevant: as a result, as time goes on, the problem as regards the United States is likely to emerge more and more in terms of fishing and, such being the case, the prospects of agreement with them will correspondingly diminish.

Multilateral Approach

It would appear that the third solution providing for a multilateral convention based on the Canada-United States joint proposal would best serve the Canadian interest. It has six main advantages:

1. It represents the maximum which the Americans and Western Europeans are willing to concede;

2. It would meet our security needs by consolidating a six-mile rule for the territorial sea;

3. It would serve Canada's interests internationally since it would tend to stabilize the situation in wide areas of the high seas, and thereby prevent disputes which could be a source of embarrassment (or even danger) to Canada and the West generally.

4. By nullifying the effects of the narrow and somewhat accidental defeat at Geneva, it would enable Canada to carry to a successful fruition an important diplomatic initiative; what is a substantially Canadian proposal will emerge in the Convention in a form as satisfactory to the Canadian Government as that which could have been adopted in Geneva.

5. It will encourage countries to ratify the four Conventions on the Law of the Sea adopted in 1958. The advantages to Canada under these Conventions are substantial and every effort should be made to consolidate them. Of particular importance to Canada is the Article of the Convention on Territorial Waters providing for the straight baseline system. International recognition of this principle would be of considerable advantage to Canada in enclosing the waters of the Canadian Arctic Archipelago as internal waters. Canada would also benefit by the coming into force of the Convention on the Continental Shelf permitting the exploitation of the resources of this Shelf. The provisions in the Convention on High Seas Fishing concerning conservation are also of substantial benefit to us.

6. Finally, a multilateral convention signed by a large number of countries is likely to be accepted by the International Court of Justice, especially in view of the fact that 54 countries voted for the joint proposal at Geneva, and would become a rule of law. Third parties (such as the Soviet Union) could therefore be excluded from fishing within twelve miles of Canada's coasts. This advantage is available only under this course of action.

There are five possible criticisms of the multilateral approach for Canada:

1. It would take the question outside the United Nations which by convening two conferences has tried to provide a framework for agreement on the Law of the Sea. There is no doubt that the United Nations solution would have been the best one but since it has twice failed the choice must be made between an imposed inaction or to act in a perfectly legal way according to established precedents.

– This would not be the first time that states have been obliged to go outside the United Nations in order to protect their interests and in particular provide for their security.

Regional systems of defence were set up after the idea of collective security within the United Nations had failed.

– There is no reason why Conventions need to be negotiated under the aegis of the United Nations and in fact, many of them are not.

– In this case we would be going outside the United Nations because of the stubborn and uncooperative attitude of the opponents of the joint proposal who preferred failure of the Conference to the proposal's success. We need not be condemned to inactivity because of the wishes of a minority of states.

– In any event, the multilateral convention would be registered with the United Nations under Article 102 of the Charter.

2. The signing of a multilateral agreement by a number of states might inspire the Soviet bloc and Arab countries to sponsor a competing agreement of their own providing for a 12-mile territorial sea.

– While this is a danger to be faced it must be remembered that even if the joint Canadian-United States proposal had been adopted, it is unlikely that it would have been ratified by most of the Soviet or Arab countries, which might in fact have signed a separate agreement of their own.

– A point to consider is that if a Convention providing for a 12-mile territorial sea were to be introduced it would attract many newly independent states unless an alternative convention were available for them.

3. It might be contended that our continued advocacy of a rule of law based on an agreement acceptable to the United States and the United Kingdom on the territorial sea and fishing limits might lose friends for Canada. However, a study of the voting at Geneva indicates that only two countries (India and Iceland) with whom Canada has special relations voted against the joint proposal.

The Indian vote can be related, it is believed, to the personal views of Krishna Menon because of the failure of the Indian delegation at the First Conference to obtain approval of an article requiring states to seek prior authorization for the passage of warships through the territorial waters of other states. India, which was not prepared itself to table such an amendment, insisted at the Second Conference that a provision on the passage of warships be incorporated in the joint proposal even though this was completely outside the terms of reference for that Conference. The Indian delegate himself, on a number of occasions privately said that the joint proposal was a good one which deserved to win. If a multilateral convention should be open for signature it is unlikely that India would sign in the immediate future but their continued opposition would, as in the past, be based on grounds other than hostility to Canada's role.

Canada has special ties of friendship with Iceland. If we proceed with the idea of a multilateral convention against which Iceland twice showed its opposition at Geneva it is possible that the Icelanders would accuse us of deserting them again in favour of the United Kingdom.

– While, it is true, that in the past our positions on the Law of the Sea have been close with Iceland it is necessary to remember, however, that at Geneva Iceland voted consistently with the Soviet bloc and Arab countries and showed no concern about the success of the Conference.

– It displayed the utmost rigidity in its negotiations with the United Kingdom although the latter had made several important concessions designed to meet the Icelandic demands. For example, the United Kingdom gave evidence of willingness to recognize a position similar to that of Iceland's by concluding an agreement with Denmark over the

Faroes which reduced the tapering off period for the exercise of historic fishing rights from ten years to a five year period. Iceland would have been able to obtain at least an equal concession on this question from the United Kingdom. The United Kingdom gave a further earnest of its willingness to make concessions by stating that it was prepared to submit its dispute with Iceland to arbitration.

– Iceland's failure to make any positive response lost for Iceland the sympathy of the large number of countries which voted against (48 with 15 abstentions) Iceland. All Scandinavian countries (except Finland, which abstained) voted against Iceland.

– The large vote against Iceland can be explained, in part, by the fact that Iceland's problems can only be solved by a special formula. To incorporate this in a general rule of law would make the latter so broad that many states, for varying reasons, could not accept it. At the same time, of course, the difficulties which would face Iceland under a rule which did not take into account its special position, would be unacceptable.

– Although opposed to the Canadian-United States proposal it is clear that Iceland stood to gain substantial benefits under it. It would have gained a six mile territorial sea immediately, exclusive fishing rights in a twelve mile fishing zone after a ten year (or very likely much shorter) phasing-out period and, under the amendment on preferential rights, exclusive fishing rights in certain areas of the high seas outside its twelve mile fishing zone.

– If it is possible to devise a special formula to solve Iceland's special position, it is very likely that Iceland would sign the proposed multilateral convention.

4. It may appear that by canvassing for a multilateral convention and later by sponsoring it, Canada is unduly identifying itself with the larger Western Powers, in particular the United States and the United Kingdom and is not following an independent course. However, it will be obvious that the proposed multilateral convention itself is based essentially on Canadian ideas that the United States and other Western countries were forced to give up their positions, and that it is now being advanced once again on Canadian initiative. If after confidential soundings, it appeared that there is majority support for a multilateral convention, the extent of the Canadian initiative could be underlined by suggesting that Ottawa be the site for the signature of the Convention. In view of the large role which Canada has played in the Law of the Sea since 1958, there would be considerable justification for proposing that the Convention be signed in Ottawa.

5. It could be argued that if Canada were to take another initiative in favour of a multilateral convention and this were to fail, our national prestige would be affected. However, it must be remembered that initiative would not be taken publicly until a canvass of countries was taken and success was assured.

We have learned that certain United States officials are favourably disposed to the idea of a multilateral convention but that they have tentatively expressed certain preliminary reservations. They believe that if less than half the countries of the world (approximately 44) signed such a Convention, this would indicate that at Geneva "many countries went along with the joint proposal only reluctantly," and the position of its supporters would thereby be weakened. In these circumstances, the Americans wonder whether it could be contended that the Convention made International Law.

It appears to us that the dangers which the Americans foresee need not arise if a confidential canvas of countries is made and used as a basis of deciding whether to proceed or not. It is clear that a formal initiative should not be undertaken unless the survey discloses that the major maritime and air transport nations of the world and in particular the United States would be prepared to sign the proposed Convention; if the Convention is to be effective and become a source of international law this is essential.

Our present assessment indicates that approximately 45 countries might be willing to become signatories of the Convention while 4 others (Japan, Italy, Switzerland and the Holy See) may sign. (See attached annex.†) Developments within even the next few days (e.g. certain countries taking unilateral action) could vary these figures, hence the need for early action. Our assessment appears to be in line with the thinking of the United Kingdom authorities who have estimated that from 40 to 50 countries would become signatories of the Convention. Almost all of the Western European countries along with a significant and important group of countries from Asia, Africa and South America would be numbered among the 45. This wide geographic distribution of countries would strengthen the convention and achieve our ends from the security point of view. Once in force, the convention could attract other signatories from countries which supported the joint proposal in Geneva and from newly independent states.

In summary, our view is that there is likely to be wide support for the multilateral convention approach and that Canadian prestige cannot be compromised as no initiative will be taken unless and until success is assured.

Recommendation

As a result of canvassing for the opinion of countries on a multilateral agreement Canada would be in a position to decide whether to resume its initiative of the past two years and continue to give leadership in seeking a solution to this problem. This would not commit us to open a convention for signature but, if the decision to proceed were made, our prominent role throughout would enable us to press for having the convention signed in Ottawa. If we were to decide to take no action, others such as the United States and the United Kingdom might take the lead away from us; initiative on their part might prove embarrassing to us in view both of our past role and also of the public statements made to this course being followed. Additionally we consider that they would have less chance than ourselves for success. If action is to be taken, it needs to be taken in the very near future for the following reasons:

1. As time passes the support generated at Geneva will wane and a sufficient number of countries might lose interest to a point where it would not be possible to proceed.

2. Certain states, believing that the failure of the Conference has paralyzed the chief proponents of an international agreement, will themselves take unilateral action to protect their interests and their support might thereby be lost. (At the moment Norway is considering this course.)

3. The "twelve-milers" might open for signature a competitive convention in advance of us.

It is recommended that Canada proceed immediately to canvas confidentially countries to discover whether sufficient support might be forthcoming to justify opening for signature a multilateral convention based on the joint Canada-United States proposal which was introduced at the Second United Nations Law of the Sea Conference in Geneva.[47]

[47] La proposition de faire une enquête confidentielle a été approuvée par le Cabinet le 17 mai 1960.
The proposal to make a confidential canvass was approved by Cabinet on May 17, 1960.

55. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 263-60 [Ottawa], August 10, 1960
SECRET. CANADIAN EYES ONLY.

SUGGESTED COURSE OF ACTION ON THE LAW OF THE SEA WITH THE UNITED STATES

A memorandum of May 13, 1960, surveyed the various courses of action open to Canada following the failure of the Second Geneva Conference on the Law of the Sea to reach agreement on the breadth of territorial sea and exclusive fishing zone. The courses that we explored were:

1. Take no action;
2. Take unilateral action;
3. Negotiate a series of bilateral agreements, and
4. Support a multilateral convention embodying the provisions of the joint Canada-United States proposal.

The course of action recommended then was to pursue, in conjunction with the United States, a multilateral convention based upon the joint Canada-United States proposal made at Geneva. This called for adoption as a rule of international law of a six-mile territorial sea, and a six-mile exclusive fishing zone coupled with a ten-year phasing-out period for countries with historic fishing rights.

Before announcing publicly Canada's intentions to launch this initiative it was considered best to conduct a confidential canvass to ascertain how many of the countries which had endorsed the joint proposal at Geneva could be expected to support such a convention. Further, it was our view that such a canvass would offer little hope of gathering a substantial measure of support among nations unless done in conjunction with the United States.

The United States Administration has since been asked to join Canada in undertaking a canvass. They hesitated, however, to do so without some assurance that it would be widely supported. Our preliminary estimate was that between forty and fifty countries would be original signatories. The United States was more pessimistic in their estimate, which acknowledged only 32 likely supporters. This suggests that the United States may actually be averse to the conclusion of a multilateral convention, lest it should disrupt the *status quo*, which in fact suits both its defence and fisheries interests. Recently they seem to have courted delay by insisting that France is a key country without whose support a multilateral convention could not succeed. (In our estimation France must be viewed as one of the most difficult Western European countries to enlist as a supporter and will probably join a convention only after it has established wide Western European support.)

When Under-Secretary of State Dillon saw Couve de Murville earlier this month he raised the subject and later reported that France would be prepared to sign a treaty based on the Canada-United States proposal only if the United Kingdom were persuaded to reach a satisfactory agreement on the question of French fishing off the U.K. coasts. Mr. Dillon

therefore concluded that "until progress is made on the Franco-British problem I see no possibility of further progress on a treaty."[48]

The manifest reluctance of the United States to participate in the promotion of a multilateral convention should probably now be acknowledged and a new decision seems called for as to what action Canada could take at this juncture. In principle it remains ideally preferable to approach the general problem of a territorial sea and fishing zone on the basis of a multilateral convention. We have no reason therefore, to relent in our endeavour to impress upon the United States the advantages of this solution and the desirability of their joining us in a canvass of opinion among other countries.

Regional agreements do not appear satisfactory in that each agreement will regulate fishing on only one coast. This would cause domestic repercussions from the Canadian fishermen on the coast which received the lesser protection. No action at all appears to be the least favourable in that Canadian fishing interests are looking for and expecting action.

Canada's best interests might call for some other positive measure, preferably before the 1961 fishing season, particularly in view of the number of countries already enforcing a 12-mile fishing zone and the continuation of this trend as evidenced by Norway which recently decided to extend its fishing zone to 12 miles. In fact, the legality of any such unilateral extension of an exclusive fishing zone seems to be accepted; at least, should it be called in question, a good case can be made in support of it in international law and on balance the International Court of Justice — since its decision in the Anglo-Norwegian fisheries case — would be likely to recognize it.

Thus a public pronouncement of Canada's intention to extend its fishing control to 12 miles may, in theory, serve our purpose, considering especially that without such prior unilateral action any fisheries agreements which we might advantageously seek to conclude with specific countries would not prevent them from fishing up to the limit of the territorial sea until such time as a declaration places us in a superior bargaining position (in that in any such bilateral agreement we would have a real advantage to offer).

Among the other countries which would be so considered the United States, of course, is of paramount significance. Theoretically it would not seem improper in view of the circumstances reported above for Canada now to point out to the United States Administration that by their negative attitude in regard to the Canadian initiative they have made clear their interest in preventing any action disruptive of the *status quo*; that if the present situation continues the Canadian Government will soon be under popular pressure to take some action to make up for the failure of the Geneva Conference to come up with a rule of law which would have gone some way to meeting the legitimate Canadian fisheries interests; and that the Canadian Government might reach the position where it would be forced to consider extending control over its fisheries to twelve miles from the shore.

The timing of our indication to the United States that we intend to unilaterally extend our fishing zone must be carefully considered. To make our intention known at the present time would probably be premature in that, should our threat to take unilateral action force the present administration to declare themselves unequivocally in support of a multilateral convention, this might become an election issue that might well have to be reversed if a new administration is elected in November. It seems, therefore, more realistic to contemplate the making of informal representations next fall asking the United States to support a confidential canvass. If the fact that a canvass was being undertaken by the United States and Canada should become public knowledge it could be explained away by pointing out that neither

[48] Voir/See *Foreign Relations of the United States, 1958-1960, Volume II* (Washington: Government Printing Office, 1991), document 435.

country is committed to any particular course of action but that both countries are of the opinion that it is best to know the trend of thinking amongst the various nations.

The danger in forcing an unequivocal declaration by the United States would subside after the election, even before the new President takes office on January 20, 1961. Although this danger would not exist following the election it is most doubtful that prior to installation the new administration would give an outright commitment to support either the canvass or the convention. If, following inauguration, the new administration also withholds its support for the canvass and convention, it would then become a matter for decision by Canada whether to declare officially to the United States Government that their failure to endorse a multilateral convention by a predetermined date would oblige the Canadian Government to consider taking some other course of action. It would have to be explained that the alternative required to preserve Canada's best interests would almost necessarily be a unilateral declaration of a twelve-mile exclusive fishing zone, coupled with a clear indication to all countries whose fleets have been traditionally fishing off Canada's coasts that Canada is prepared to enter into bilateral arrangements to provide a reasonable tapering-off period for historic fishing rights. It would be made clear at the same time that this form of action, while dictated by Canada's essential requirements, in no way affects the defence interests common to all NATO partners in that it leaves the breadth of the territorial sea unaltered.

Recommendation

It is recommended:

(a) That we continue to impress upon the United States Administration our view that the only satisfactory solution to the problem of the width of territorial sea and fishing zone is a multilateral convention. We should press for a confidential survey with United States support as this is likely to be the most that the Administration would be prepared to entertain at this time.

(b) That, if the United States refuse to join in a confidential survey, when the new United States Administration is installed, the Government might then consider if the United States should be told that if they do not quickly pledge support to a multilateral convention, Canada will be forced to consider seriously taking unilateral action and extend our fishing zone to 12 miles (subject to the conditions outlined above).[49]

[H.C. GREEN]

56. PCO

Extrait des Conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], October 1, 1960

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General and Acting Secretary of State (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),

[49] Approuvé par le Cabinet le 11 août 1960./Approved by Cabinet on August 11, 1960.

The Minister of National Revenue and Acting Minister of Finance (Mr. Nowlan),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Fournier).

. . .

LAW OF THE SEA; CONFIDENTIAL SURVEY TO DETERMINE SUPPORT FOR MULTILATERAL CONVENTION

(Previous reference August 11)

33. *The Secretary of State for External Affairs* reported that the attitude of the United States towards having a confidential survey made to see if a multilateral convention on the law of the sea was possible remained discouraging. The North Sea countries had decided to hold a regional conference in November concerning this subject. The initiative for the conference had been taken by the Netherlands who had proposed that a basis for agreement amongst those attending might be the joint Canada-U.S. proposal for a six-mile territorial sea plus a six-mile fishing zone, with a ten-year phasing out period for countries enjoying traditional fishing rights. The French now wanted to "improve" this by lengthening the phasing out period to maybe twenty years. If the Conference were to succeed on any other basis than the Geneva Formula, the chance of success for a wider solution would be disastrously reduced. The Norwegians were aware of the dangers and the British had their reservations.

In order to retain the measure of agreement reached so far at the Law of the Sea Conferences, it was no longer possible to await action by the U.S. Consequently, he recommended that discussions be held promptly with the U.K. and Norway. If one or both of these countries agreed, the U.S. should be informed that a confidential survey, to determine what support might be forthcoming for a multilateral convention would be undertaken. If the survey as it progressed showed support for the original Canada-U.S. proposal, the U.S. should also be told that Canada would expect the U.S. to join in completing the canvass and sign the convention when it was open for signature.

An explanatory memorandum had been circulated, (Memorandum, Prime Minister and Acting Secretary of State for External Affairs, Sept. 22 — Cab. Doc. 307-60).†

34. *Mr. Green* said the course proposed seemed the only possible one. At the moment the U.S. simply was not interested.

35. *The Cabinet* agreed with the recommendation of the Secretary of State for External Affairs that discussion be held with the United Kingdom and Norway on the possibility of undertaking a confidential survey to determine what support existed for a multilateral convention on the law of the sea, as outlined in the memorandum of September 22nd, (Cab. Doc. 307-60).

. . .

57. DEA/9456-RW-9-40

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Secretary of State for External Affairs to Prime Minister

SECRET. CANADIAN EYES ONLY. [Ottawa], November 7, 1960

LAW OF THE SEA

Over the weekend, I have received telegrams from Mr. Drew concerning the law of the sea. One of these (3372 of November 4, copy attached,† 3375 of November 7, copy attached†) dealt with the suggestion made by the Secretary of State for Commonwealth Relations that a meeting of Norwegian, Canadian and British officials be held to discuss the prospects of the initial confidential survey which we have suggested and the tactics to be adopted.

I share Mr. Drew's disappointment that the British (and subsequently the Norwegians) would wish to discuss the probable results of the restricted survey when the purpose of the survey itself is to determine what support might be forthcoming from a few (possibly not more than 20) selected countries. There is, however, some merit in the suggestion that tactics be discussed and rather than delay the project, I think we should agree to the meeting, but attempt to confine its discussions largely to the questions of which countries should be approached (and by whom) and to the nature of the approaches themselves. Attached is telegram No. L-306† which is the reply I propose to send.[50]

You will note in paragraph 7 of Mr. Drew's telegram that he has suggested that you might send a letter to Mr. Macmillan in order to expedite things. However, I think because of the reply I propose sending concerning the meeting that such a high level approach is not required at the moment. It is, however, a useful suggestion and one which, if you agree, we might keep in reserve on the chance that delays are encountered because of possible United Kingdom insistence that the results of a confidential survey must be known before it is undertaken. With this in mind, I have had prepared a telegram (L-307 — attached)† to Mr. Drew. Would you let me know whether you agree that this reply might go out.[51]

H.C. G[REEN]

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[50] Note marginale :/Marginal note:
Signed by SSEA 8/11. Approved by PM 8/11 [Ross Campbell].

[51] Notes marginales :/Marginal notes:
Signed by SSEA 8/11. Approved by PM 8/11. R. C[ampbell].
PM will abide by SSEA decision — which is to send both tels (L-306 & 307). R. C[ampbell] 8/11.

58. DEA/9456-RW-9-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET. CANADIAN EYES ONLY. [Ottawa], December 9, 1960

LAW OF THE SEA — CONFIDENTIAL SURVEY TO DETERMINE SUPPORT FOR MULTILATERAL CONVENTION

As you know, in accordance with Cabinet instructions discussions have been going on in London this week at the official level, between ourselves, the British, and the Norwegians concerning the Canadian proposal for a joint preliminary confidential survey of countries selected on the basis of likelihood of support, geographical distribution and importance of fishing or shipping interests, the results of which we hope could be used as a basis

(a) for determining the likelihood of more general support for a multilateral convention and

(b) for persuading the United States to join with us in a wider survey.

The attached telegram 3718 of December 9† from London reports that unanimous agreement was reached as to the basis upon which recommendations would be made to the respective governments that approval be given for immediate action. The recommendations are contained in a memorandum, the text of which is set out in full in the attached telegram 3719 of December 9 from London.

The recommendations appear to be eminently reasonable, and in fact represent very closely the Canadian position on the question.

Since Cabinet has approved both the idea of the preliminary initial survey and the wider canvass (if it is undertaken with United States' support) the only aspect on which Mr. Drew might require confirmation at this stage is on the Governments to be approached, and by whom. Those listed in Annex A to the memorandum given in telegram 3719 qualify under the classification which Cabinet approved, and the "sounding countries" are logical. I have accordingly drafted a telegram to London and Oslo for your signature, if you agree, confirming your approval of the memorandum and authorizing Mr. Drew and Dr. MacKay to so notify the United Kingdom and Norwegian authorities.[52]

N.A. R[OBERTSON]

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[52] Notes marginales :/Marginal notes:
OK. H.C. G[reen] 9/12.
L-337 signed by SSEA 9/12 [Ross Campbell]

59. DEA/9456-RW-9-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 3719 London, December 9, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: My Tel 3718 Dec 9.†

Repeat Paris for Marcel Cadieux (OpImmediate) (Information).

By Bag Oslo from London.

LAW OF SEA

A. Following is text of memorandum.

"The prospects of a multilateral convention on the breadth of the territorial sea and fishery limits based on Geneva (1960) formula.

1. The Parliamentary Under Secretary of State for Foreign Affairs, Canadian High Commissioner and Norwegian Ambassador met at the Foreign Office on December 8 and agreed to recommend to the three governments represented that a confidential survey be undertaken with a view to establishing whether or not repeat not it might be feasible to conclude a multilateral convention of the breadth of the territorial sea and fishery limits based on the formula which obtained the maximum support at the 1960 Conference. If governments agree, it is proposed:

(a) that the reactions of the eighteen states listed in the annex be obtained by the 3 governments as shown to a proposal for a multilateral convention based on the Geneva Formula. The governments concerned should simply be asked whether they would, in principle, favour the conclusion of a multilateral convention. The possibility of such a convention would depend upon the importance (from a shipping and fishing point of view), the number, and the geographical distribution of the states prepared to accept it. The instructions to the representatives of the 3 governments would be coordinated;

(b) that USA be informed of the decision to conduct the preliminary survey in (a) above and be invited to instruct its missions in the countries concerned to express at least a benevolent interest;

(c) that France and Belgium also be informed that the survey is being undertaken;

(d) that after discussing the matter with USA officials, Canada should decide whether or not repeat not to inform Brazil and Argentina that consideration is being given to the conclusion of a multilateral convention; and

(e) that as soon as the preliminary survey has been completed there should be another meeting to consider the result and decide what further steps should be taken.

2. Canadian representative stated that his government were prepared to start the operation at once. Norwegian and UK representatives explained that their governments wished to consider the matter before committing themselves to take soundings."

B. Following is text of annex to memorandum

" Country	Sounding country
1. Australia	Canada and UK
2. NZ	Canada and UK
3. South Africa	Canada and UK
4. Pakistan	Canada and UK
5. Ireland	Canada and UK
6. Denmark	Norway? and UK
7. Greece	UK
8. Germany	UK
(France and Belgium to be informed by UK)	
9. Israel	Canada
10. Italy	UK and Canada
11. Netherlands	UK
12. Portugal	Canada and UK
13. Spain	Canada and UK
14. Sweden	Norway
15. Switzerland	UK
16. Turkey	Canada and UK
17. Thailand	UK
18. Japan	Canada and UK"

60. DEA/9456-RW-11-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET. CANADIAN EYES ONLY. [Ottawa], December 23, 1960

LAW OF THE SEA

Mr. Drew's telegram of December 23, 1960 (number 3891)† reported that the United Kingdom Government have joined Canada in approving the memorandum of agreement arrived at by officials representing the Norwegian, the United Kingdom and the Canadian governments at meetings which took place in London on December 7 and December 8. You have asked for an outline of the steps which are now to be taken.

We have yet to hear from the Norwegian Government but their reply should not, I think, be long delayed.

Meanwhile, in accordance with the agreement reached at the London meetings we are preparing a first draft of instructions to be sent to the representatives of the United Kingdom, Norway, and Canada in the capitals of the 18 countries to be approached in the first phase of the survey. It is expected that this will be submitted to you for your consideration early next week. This first draft would be transmitted to London and Oslo for the consideration and eventual approval of the United Kingdom and Norwegian authorities. Action in capitals would be closely co-ordinated between the missions of the three countries. The approaches would be

made by one country only in the first instance and, in certain cases, would be supported by a second country.

If it is agreed that this preliminary confidential survey be undertaken the United States authorities in Washington will be informed by the Canadian Embassy of the decision and invited to instruct their missions in the 18 countries concerned to express at least a benevolent interest in the project. Supporting action would be taken by the United Kingdom and Norwegian Embassies in Washington.

It is hoped that these preliminary steps will be completed by mid-January and that the reactions of the 18 countries selected at the London meetings be obtained by the three governments to the proposal for a multilateral convention based on the Geneva Formula. The governments concerned will simply be asked whether they would in principle favour the conclusion of a multilateral convention.

The final step in this phase of the project would be the holding of another meeting of the representatives of the three governments to consider the result of the survey and to consider what further steps should be taken. The Norwegian Government is under pressure from the Norwegian fishing industry to extend Norway's fishing limits early in April through the passage of appropriate legislation. In order to meet the requirements of the Norwegian situation it would be desirable to have the results of the first phase of the survey in hand before the end of February and to assess these results early in March.[53]

N.A. R[OBERTSON]

61. DEA/9456-RW-11-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET. CANADIAN EYES ONLY. [Ottawa], December 29, 1960

LAW OF THE SEA — PRELIMINARY CONFIDENTIAL CANVASS OF COUNTRIES CONCERNING A MULTILATERAL CONVENTION

As you know, the United Kingdom Government has agreed to participate in the preliminary confidential survey, (London's telegram number 3891† of December 23, a copy of which is attached), while the Norwegian Government has declined to do so, for domestic reasons, (Oslo's telegram number 222† of December 23, a copy of which is also attached). However, the memorandum of the Cabinet Committee on Territorial Waters dated September 22 and approved by Cabinet on October 1 recommended that the survey be carried out "if one or both of these countries" (the British and the Norwegians) "are agreeable." There is Cabinet authority therefore for proceeding with the survey without the Norwegians.

The Norwegian action is, of course, disappointing but as Mr. Drew has pointed out they had been assigned a very limited role in the survey which is to be conducted. If the survey is conducted promptly and produces satisfactory results we may still be able to count on Norwegian co-operation at a later stage. You will note that in refusing to participate now they renewed their "strong preference for a multilateral convention" and expressed their hope that we and the British would go ahead with the canvass.

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[53] Note marginale :/Marginal note:
SSEA agrees with this programme of work on Law of Sea. R. C[ampbell] 23/12.

I concur in Mr. Drew's suggestion that we launch the project immediately in order to avoid having it stalled indefinitely. It was agreed at the December meeting in London that Canada should prepare the initial letter of instructions to missions in those countries being approached, subject to the approval of its wording by the British, and at that time, the Norwegians. This therefore is the next step in the operation. I have accordingly drafted for your signature, if you agree, the attached telegram to London requesting that the approval of the United Kingdom authorities be obtained as soon as possible to a draft letter of instructions to the United Kingdom and Canadian missions in question, the text of which is contained in the telegram.[54]

N.A. R[OBERTSON]

62. DEA/9456-RW-11-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner to United Kingdom

TELEGRAM L-344 Ottawa, December 29, 1960

SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.

Reference: Your Tel. 3902 of Dec. 23, 1960.†

Repeat D.N.D. (J.A.G. & D.N.P.O.)

LAW OF THE SEA

I share your concern at the possibility that unless immediate action is taken to launch the project it may be stalled indefinitely and I agree that we should proceed with all due haste. Would you therefore submit to the U.K. authorities, for their approval, the draft letter of instructions, the text of which follows:

"Since the joint Canada-United States "six plus six" proposal failed by the narrow margin of one vote to gain the required two-thirds majority at the Second Geneva Conference on the Law of the Sea, (a table of the voting is attached),† consideration has been given in various capitals to the courses which might offer the best way out of the impasse in which the large number of supporters of the joint proposal have been placed.

Purpose of Preliminary Survey

For your information, the United States declined this summer to participate in a confidential survey, the purpose of which would have been to determine the extent of support for a multilateral convention based on the joint Canada-United States proposal. Consequently the United Kingdom and Canadian governments have decided to undertake a joint *preliminary* confidential survey restricted to certain key countries, (which have been selected on the basis of likelihood of support, geographical distribution and importance of shipping or fishing interests) the results of which, it is hoped, can be used as a basis:

(a) for determining the likelihood of more general support for a multilateral convention, and

(b) for persuading the United States to join in a wider survey. (It is considered that U.S. support is probably vital to the eventual successful conclusion of a multilateral convention).

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[54] Note marginale :/Marginal note:
Signed by SSEA 30/12. R. C[ampbell]. Check whether separate telegrams are to go containing annexes. R. C[ampbell]. 30/12. Done- missions have annexes. R. C[ampbell] 30/12. Sent 30/12.

Proposed Plan of Action

Attached as Annex "A" is a list of the eighteen countries which will be canvassed in the first (or preliminary) survey.[55] You are requested to make representations at the highest level possible to the country to which you are accredited to enlist its support for a multilateral convention based on the Canada-United States "six plus six" formula put forth at the 1960 Geneva Conference. As appears from Annex "A", certain countries will be approached by both the U.K. and Canada, and it will be necessary in such cases for the missions of our two countries to consult with one another so as to insure that these approaches are coordinated. Where dual approaches are intended the country the country named second will make the follow-up approach.

The government of the country being approached should be informed that it is intended that the operation shall be conducted in three stages:

(1) a preliminary confidential survey restricted to certain key countries, which, if the results are encouraging, will be followed by

(2) a wider, more complete survey of countries, which, if the results confirm and augment those of the preliminary survey, will be followed by

(3) the opening for signature of a multilateral convention.

It is intended that the following countries should be informed about the intentions of the U.K. and Canada to conduct this preliminary survey:

(a) *The U.S.A.*: The U.S. will be approached both before and after the first stage. The Canadian Embassy will first approach the U.S. authorities in Washington to inform them of the decision to conduct the preliminary survey and invite them to instruct their missions in the eighteen countries concerned to express at least a benevolent interest in the project. Supporting action would be taken by the United Kingdom Embassy there. The active support of the U.S. for the project will not be requested until the conclusion of the first phase.

(b) *France and Belgium*: It is considered that in view of their participation in the forthcoming North Sea Conferences to be held at The Hague, France and Belgium would be bound to learn about the proposed survey. For reasons of general policy, the United Kingdom could not avoid informing them of the project in general terms.

(c) *Argentina and Brazil*: Because of certain doubts, based on reasons which appear below it has been agreed that Canada should decide, after raising the matter with United States officials, whether or not to inform Argentina and Brazil in general terms that consideration is being given to the conclusion of a multilateral convention. It is considered that these two countries should probably be informed unless the United States should express strong objections which might prejudice the chances of its participating in the second phase of the survey.

Possible Doubts Concerning Survey

It should be stressed that the results of this preliminary survey will be kept confidential. Should anyone express the fear that an unsuccessful preliminary survey may be "counter productive" you should explain that it is recognized that if the initial survey discloses that the majority of the shipping and fishing countries do not favour a multilateral convention then the idea is dead. The initial survey will not however have worsened the situation, since its results will be kept confidential except amongst those countries approached. If nothing else, the results could make clear that support for the Geneva Formula had waned since the Second Conference to a point where even perhaps with U.S. assistance a convention would attract so few signatories that it would be ineffective. The position of no country would be improved by

[55] Voir/See document 59.

remaining in ignorance of this state of affairs (if it exists) and there would, in fact, be advantages of learning of it so that attention can be directed to other solutions.

Definition and Scope of Canada-United States Formula

The "Geneva Formula" comprises three main elements

(a) a territorial sea not exceeding six miles,

(b) an exclusive fishing zone not exceeding twelve miles (with a ten-year phasing out period in the outer six miles), and

(c) a procedure for examining claims to preferential fishing rights outside that zone. (The Brazilian Amendment)

In referring to the "Geneva Formula," however, the countries to be approached in the first phase of the survey should be asked only if they would in principle favour the conclusion of a multilateral convention "based on the Geneva Formula." No reference should be made, if it can be avoided, to the third element of the formula ((c) above). On the other hand nothing should be done or said which would prejudice one way or the other the possible retention or elimination of the "Brazilian Amendment." If the question is raised, any views in favour or against this provision expressed by the countries being approached should be reported immediately.

Arguments to Use

(a) The following general observations should be borne in mind in making these representations.

The initiative is in no sense a cold war project or an attempt to revenge the "diplomatic defeat" at Geneva. On the contrary, it is motivated by a desire to further the orderly development of international law, and in particular to complete the codification of the Law of the Sea so nearly achieved at the 1960 Geneva Conference. (One of the most telling arguments with some of the older and more conservative countries, who might not otherwise be favourably disposed towards the Convention, is that of the desirability of achieving uniformity and certainty of International Law, and this should not only be stressed in the initial approaches, but should, where appropriate, be followed up with the legal advisors to the foreign ministers in question.)

The general desirability of reaching agreement on the two important questions left unanswered is underlined by the present uncertainty and the likelihood of a continued drift towards chaos in the Law of the Sea. The sooner therefore that a multilateral convention can be concluded the sooner this disturbing drift can be stopped. It is hoped that if a multilateral convention is concluded, in time, enough countries will accede so as to obtain substantially the same purpose as would have been achieved at Geneva. For this reason the potential influence and importance from a shipping and fishing point of view of the countries acceding to such a convention is considered to be as important as the numbers concerned.

(b) Support for a multilateral convention at this stage, rather than later, would have a good chance of building on the large measure of agreement reached at the Conference and avoiding the loss of the effort put into it.

(c) The existence of an agreement would help to prevent disputes arising out of incidents on the seas and would encourage countries with outstanding disputes to arrive at an early solution.

(d) The movement to a twelve mile territorial sea would be slowed down and countries might be restrained from making more extravagant claims. Maximum freedom of the seas would thereby be ensured for security, navigational and commercial purposes.

(e) It would provide a convention to which new countries could adhere when they gain their independence.

(f) The convention, especially as it will number among its signatories the chief maritime and air transport nations of the world, would provide an important source of law from which a universal rule of law might gradually evolve.

(g) The conclusion of a multilateral conference on the remaining questions in issue might further encourage states to ratify conventions adopted by the 1958 Conference.

There may be other advantages of particular attraction to the country to which you are accredited, or, on the other hand, disadvantages peculiar to that country and you should draw on aide mémoires you may have presented before the Second Conference. Similarly, some of the points listed above might be dropped (or varied) if you believe that it would be inadvisable to use them in their present form or at all.

Provisional Assessment of U.N. Members

Attached for your background information as Annex "B" is the provisional assessment of the probable attitude of the 107 members (including Mauritania) of the U.N. and specialized agencies towards the idea of a multilateral convention which was agreed to at the meeting in London between senior officials of the U.K., Norway and Canada.†

It may be that certain other countries will be added to the original eighteen being canvassed but for the time being the list is limited to that number.

Preferential Rights Proviso

For your own information, the two surveying countries intend to give further consideration, in the light of the replies received, as to whether or not the balance of the advantages would lie in retaining or discarding the clause on preferential rights. (The Brazilian Amendment) There would appear at this stage to be two possible points of view on this question: on the one hand most Western European countries and probably also the United States would wish to see the provision eliminated, while on the other hand the Latin American countries, (in particular Brazil and Argentina, and to a lesser extent Chile) might not be prepared to support a proposal which did not contain the preferential rights proviso. Consequently Latin American countries have not been included in the list of countries to be approached in the first (or preliminary) survey.

It would be appreciated if you would treat this matter as one of importance and urgency. The desirability of keeping the operation secret from countries not being canvassed cannot be stressed too strongly."

2. You may approve on your own authority any changes in wording suggested by the British which you consider to be reasonable and not of a major substantive nature.

3. As to the proposed Annex "A" you may inform the U.K. authorities that we have no strong feelings as to which country should approach Sweden now that Norway will not be doing so, but since the British will presumably be approaching Denmark, it would seem appropriate for them to canvass Sweden as well. We could make follow-up approaches in both cases, if it is considered desirable.

4. I agree with the action you have taken in writing to Lord Home and I concur also in your suggestion that Rodgers deal with Godber along the lines indicated in your letter.

SECTION C

COMITÉ DES DIX PAYS SUR LE DÉSARMEMENT
TEN-NATION DISARMAMENT COMMITTEE

63. PCO

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CABINET DOCUMENT NO. 19-60 [Ottawa], January 21, 1960

SECRET

At the meeting of the United States Secretary of State and the ambassadors of the four other Western nations on January 18, it was agreed that in the discussions which will begin January 25 the five Western delegations should develop in general terms a complete and far-reaching disarmament programme, whose first stage will comprise specific proposals which can be implemented in the present world political situation. The United Kingdom produced a paper[56] outlining a disarmament programme which was basically the same as that presented to the United Nations General Assembly by Mr. Lloyd,[57] with some added features. United States officials have indicated that they intend to accept the United Kingdom proposals as a basis of discussion. While the United States will doubtless have modifications to suggest, nothing was disclosed as to their nature. The French and Italians also said that they would be submitting papers for discussion, but it is thought that these are not likely to include topics additional to those in the United Kingdom programme.

2. The delegation will also discuss the USSR disarmament proposals put forward by Mr. Khrushchev in the General Assembly on September 18, 1959,[58] with the purpose of determining an agreed position on them.

3. The matter dealt with in the UK and USSR plans may be divided into a number of different aspects or phases of disarmament. The Canadian delegation will have to express views on these. While it would not seem useful at this time to develop a competing "Canadian disarmament programme," the delegation can endeavour to ensure that the programme finally agreed by the five Western nations should accord with certain principles. The following are suggested as principles which should guide the Canadian delegation in its representations, and which, taken together, can be considered as the initial Canadian position on disarmament.

(1) The ultimate object is to achieve the maximum of disarmament and reduction of military forces which can be verified and controlled, and which is compatible with the maintenance of adequate security against aggression.

(2) Disarmament must be accomplished in stages. However, the first stage should not consist merely of exchanges of information and studies of various aspects of disarmament to be put into effect later, but should include a substantial measure of actual disarmament.

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[56] Voir/See *Documents on International Affairs 1959* (London: Oxford University Press/Royal Institute of International Affairs, 1963), pp. 91-93.

[57] Le document britannique est discuté dans le document du Cabinet 24-60 du 21 janvier.†
The UK paper is discussed in Cabinet Document 24-60, January 21.†

[58] Voir/See *Documents on International Affairs 1959*, pp. 93-111.

(3) An international organization to verify and control disarmament as it is effected is necessary. It preferably should be an organ of or linked to the United Nations.

(4) A comprehensive plan for the prevention of surprise attack should be developed and presented to the five Eastern nations. Priority should be given to developing methods of controlling missiles capable of delivering nuclear weapons of mass destruction.

(5) The nations should agree not to use artificial earth satellites as carriers of nuclear or other offensive weapons.

(6) Reduction of conventional armaments should be effective in terms of weapons and equipment, rather than in terms of numbers of effectives.

(7) As national armaments are reduced, an international authority should be built up, disposing of military force capable of restraining aggression. The international authority preferably should be within the framework of the United Nations.

(8) Production of fissile material for weapons should be stopped, and existing stocks transferred to peaceful uses, as soon as a practical and controllable plan can be agreed upon.

(9) The manufacture and use of biological and chemical weapons in massive warfare should be banned.

4. It is, of course, to be understood that as the negotiations proceed, specific proposals relating to the several aspects of disarmament covered in the above principles will be developed, which will have to be referred to the Government for instructions.

5. A paper commenting in some detail on the United Kingdom programme for disarmament referred to in the first paragraph of this memorandum will be submitted to you shortly.

6. May the above principles be approved as a guide to the Canadian delegation in the forthcoming meetings of the five Western nations? If any of the principles as set forth are not approved, may instructions be given as to what modifications are necessary?

N.A. ROBERTSON

64. PCO

Extrait des Conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], January 26, 1960

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),

The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Dr. Hodgson).

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DISARMAMENT

(Previous reference December 30, 1959)

9. *The Secretary of State for External Affairs* said that General Burns had proceeded to Washington to participate in the discussions on disarmament among representatives of the five Western nations, which had begun on January 25th. It was hoped that the meetings would develop in general terms a complete and far-reaching disarmament programme that might help to counteract the recent propaganda moves of Premier Khrushchev.

The United States some time previously had appointed the Coolidge Commission to study and report upon disarmament. The report had been received by the U.S. government but was understood to contain no major new suggestions. U.S. officials had indicated that they intended to accept the U.K. proposals as a basis for discussion at the Washington meetings. The British and French appeared to be keen to achieve an agreement on disarmament. The Italians had sent a strong delegate but seemed to regard their participation as a matter of prestige. The attitude of the U.S. toward disarmament seemed less clear. General Burns enjoyed great prestige among the delegations because of his high qualifications.

The Minister believed that the question of disarmament was of the greatest possible importance. A nuclear war could wipe out civilization. Canada's geographical position between the U.S. and U.S.S.R. made this country most vulnerable of all. Furthermore, it should not be lightly assumed that only the U.S.S.R. would pull the first trigger. Everything possible should be done to contribute to the success of the disarmament talks. Canada had a great opportunity in these discussions and the government should give General Burns every support.

The Canadian delegation had requested approval of a set of principles for guidance at the discussions. These principles taken together could be regarded as the initial Canadian position on disarmament. Any specific proposals arising during the negotiations would be referred to the government for instructions.

Explanatory memoranda had been circulated, (Memoranda, Under-Secretary of State for External Affairs, Jan. 21 — Cab. Docs. 19-60 and 24-60).†

10. *During the discussion* the following points were raised:

(a) The U.K. disarmament proposal seemed to lack impact. There was a possibility, however, that the British had concluded that a more far-reaching proposal could not realistically be advanced at the subsequent meeting of the ten nations. The U.K. proposal had been accepted as a basis for discussion at the meetings of the five Western nations, but this did not preclude Canada from advancing alternatives there.

(b) The notion of an international authority with an effective military arm was far from new. It had been advanced by Castlereagh at the Congress of Vienna after the Napoleonic Wars, and by various delegates at the San Franciso Conference following World War II, but it remained a pious hope. The practical questions related to the national composition of such a force and to the place where it would be held. It could easily fall under the domination of one or two of its major contributors. Furthermore, it was unrealistic to expect a national contingent to

participate in a police action against its own homeland. In present circumstances, the Secretary General of the United Nations could call upon Canada for a contribution toward an expeditionary force for a particular action, but its despatch would be subject to the prior approval of the government.

(c) Effective disarmament was becoming increasingly difficult because within a few years many of the nations would become nuclear powers. A disarmament conference which excluded Communist China appeared particularly truncated.

(d) The explanatory memorandum on the proposed Canadian position proposed that "the manufacture and use of biological and chemical weapons in massive warfare should be banned." This wording would appear to imply, wrongly, that Canada was prepared to support the use of these weapons in brushfire wars or against coloured peoples. For clarification, therefore, the words "in massive warfare" should be deleted.

(e) Some said that consideration might be given to the formation of an international group to protect the general public interest in the field of peaceful uses of atomic energy. A case in point might be "Operation Chariot," the U.S. proposal to create a harbour in Alaska in 1961 by exploding a nuclear device. Another might be similar to the former proposal to detonate a nuclear explosion in the Athabascan tar sands to obtain oil. Proponents of this view suggested that such an international group might provide a useful precedent in international co-operation, and might help to allay the "irrational" fear of radioactive fall-out that was giving rise to pacifistic activity at various universities.

(f) On the other hand, most members believed that Canada should not advocate a policy of permitting nuclear explosions for any purpose, peaceful or belligerent, until more was known about fall-out and particularly its possible genetic effects. The fear of fall-out was by no means irrational: on present knowledge the matter was terrifying.

11. *The Cabinet* approved the recommendation of the Secretary of State for External Affairs that the following principles should guide the Canadian delegation at the meetings of delegations representing the five Western nations being held at this time in Washington:

(1) The ultimate object was to achieve the maximum of disarmament and reduction of military forces which could be verified and controlled, and which was compatible with the maintenance of adequate security against aggression.

(2) Disarmament must be accomplished in stages. However, the first stage should not consist merely of exchanges of information and studies of various aspects of disarmament to be put into effect later, but should include a substantial measure of actual disarmament.

(3) An international organization to verify and control disarmament as it was effected was necessary. It preferably should be an organ of or linked to the United Nations.

(4) A comprehensive plan for the prevention of surprise attack should be developed and presented to the five Eastern nations. Priority should be given to developing methods of controlling missiles capable of delivering nuclear weapons of mass destruction.

(5) The nations should agree not to use artificial earth satellites as carriers of nuclear or other offensive weapons.

(6) Reduction of conventional armaments should be specified in terms of weapons and equipment, rather than in terms of numbers of effectives.

(7) As national armaments were reduced, an international authority should be built up, disposing of military force capable of restraining aggression. The international authority preferably should be within the framework of the United Nations.

(8) Production of fissile material for weapons should be stopped, and existing stocks transferred to peaceful uses, as soon as a practical and controllable plan could be agreed upon.

(9) The manufacture and use of biological and chemical weapons should be banned;

on the understanding that these principles taken together would constitute the initial Canadian position on disarmament, and that any specific proposals arising during the negotiations would be referred to the government for instructions.

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65. DEA/50271-K-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET. CANADIAN EYES ONLY. Ottawa, March 7, 1960

INITIAL WESTERN POSITION ON DISARMAMENT

Before leaving for Paris General Burns informed you about the meeting held in my office on March 6 with General Foulkes, Mr. Bryce and departmental officers concerned. In the light of main French reservations about the Western position as stated in the draft of March 4, that is, the lack of provision for early measures of disarmament dealing with nuclear weapons, consideration was given to the Canadian attitude, as regards this French position and as regards the related proposals in the Western paper, developed in Washington. General Burns will require instructions for the Five Power conversations resuming in Paris on March 8. What is desirable is an agreed Western position for presentation to NATO on March 9, that is, only six days before negotiations with the Soviet side begin in Geneva.

It seems likely that the details of the Western position, whether divided or agreed, will shortly find their way into the press. Indeed, much of the substance of the position has already leaked to the press in the United States. It is, therefore, a matter of some concern that the attitudes of the various Western powers should be carefully defined, especially if there is not to be an agreed position.

The latest formulation of the Western position, a copy of which is attached,† does show the marked strengthening that has taken place since the initial presentation by the United States. This improvement has resulted from persistent and firm pressure by General Burns and his United Kingdom and French colleagues.

(a) The nine principles approved by Cabinet on January 25 have now been more or less incorporated in the paper, although there might be some reservation about the priority which has been given the measures involved.

(b) Several measures of special significance for an anxious public have been highlighted and moved as far forward within the plan as seems prudent and consistent with Western security needs.

(c) Matters of less immediate significance, but of apparent importance to the United States, such as the development of international peace-keeping machinery for safeguarded law and order in a situation of world disarmament, have been placed in a more realistic perspective, that is, at a later stage in the development of the disarmament programme.

(d) A change of importance to Canada is the inclusion of provisions for the conversion of fissionable material to peaceful uses after an agreed cut-off date for the production of such material for weapons purposes.

(e) Another recent change, which under instruction General Burns pressed for and obtained, is the inclusion of suitable references to the relationship between a disarmament programme and peace-keeping machinery, on the one hand, and the United Nations, on the other. The

United States readily co-operated in making this addition once our views on this subject had been made known at a high level in the State Department.

What has so far been developed is only a suggested initial position. It will necessarily undergo refinement and change from time to time as negotiations with the USSR unfold. The considerable success which General Burns has had thus far in moving the United States from seemingly rigid positions, implies that we might well have future opportunities to exercise the same kind of influence in the months that lie ahead, as long as our demands on the United States were not believed by United States authorities to endanger the vital interests of Western security. In these circumstances external advice and pressure from its allies could assist the United States Government in developing its disarmament policies but those influences might also be counter-productive, if they were exerted too much in sensitive areas of United States opinion. Certainly, as far as Canada is concerned, it would seem to be a matter of self-interest to avoid any situation that might weaken the influence we might hope to have on United States policy making in the future in this very important field.

The note left with you on March 3 by the French Ambassador raises a matter of great importance to Canada. Our position, publicly and privately, has been that consistent with the needs of national and Western security, priority should be given to measures of disarmament involving nuclear weapons. A properly controlled disarmament agreement could be one means of halting and reducing the threat posed by the growing competition in the development of nuclear armaments. The basic position, taken in the French aide mémoire, is consistent with that approach and also with statements which have been made in Parliament and elsewhere about the Canadian attitude. However, although this French position can be reconciled in strict logic with France's programme for developing nuclear weapons, it is not altogether clear that France would be as concerned about nuclear disarmament if it possessed nuclear weapons in its own national arsenal. This might be one reason for wondering whether the French position, as stated in the aide mémoire, could be satisfied by any rearrangement of the Western disarmament plan.

In any event the Canadian attitude should not be simply to urge the United States, the United Kingdom and Italy to give in to French pressure. Rather we should seek, as far as possible, some acceptable means of reconciling the Western paper with the Canadian position, as it has been enunciated, on nuclear disarmament.

In essence the French demand appears to be that the West should be prepared to include nuclear weapons, other than large missiles, in declaration of armaments and agreement on limitation contemplated under heads E and F of Stage I. As presently drafted these heads apply only to "conventional weapons" which are defined in an agreed working paper as weapons of "non-nuclear capabilities."

So far, the United States and the United Kingdom have not been disposed to include nuclear weapons in their early stage proposals involving declarations about, limitations on, and sequestration of national armaments. They envisage measures of nuclear disarmament in Stage III, after reductions in conventional armaments have been successfully achieved under controls. As regards missiles and satellites, they have, however, provided in Stage I and II for prior notification of launching (involving the location of sites and on site inspection); and, as regards nuclear weapons, for a cut-off of production of fissionable material for weapons and a conversion of existing stocks of weapons to peaceful uses. To go beyond this at the beginning of negotiations with the USSR would, they argue, weaken the nuclear deterrent which they insist is the indispensable element for the security of all Western countries. Although Canadian experts would not quarrel about the need for the deterrent, it is open to argument whether a *proposal to negotiate* with the Soviet Union about reciprocal measures involving nuclear armaments does weaken the military position on either side, except in terms of public reaction

which is worrying to Western governments involved in defence programmes. General Burns has previously pressed the United Kingdom and the United States for a full explanation of their opposition to including early measures involving nuclear weapons, but no adequate reply has been forthcoming yet. He will continue to press this question in Paris.

There are two preoccupations which may legitimately weigh heavily with the United Kingdom and the United States in their approach to nuclear disarmament:

(a) While the Soviet Union may have a lead in the development of large missiles, with a capacity for strategic nuclear contact, the United States may have a substantial lead in developing small but sophisticated nuclear weapons for tactical use. With this in mind, United States military authorities would be very reluctant to have these weapons included in any early measures of disarmament which would involve declarations, and possibly limitation and sequestration. Negotiations about these measures, if developed in detail, could have an intelligence value for the Soviet Union.

(b) The strategy of the nuclear deterrent, from the Western side, presumes that the Soviet Union, being the potential aggressor, would make the "first strike." The Western powers must therefore have their nuclear armaments so disposed as to be able to make the retaliatory, or "second strike." The strategic advantage in this situation lies with the Soviet Union and the Western nuclear armament must consequently be on a large scale if it is to be capable of making the "second strike." This capability is obviously necessary if the Western nuclear armament is to serve as a deterrent at all.

Considerations like these must be given a great weight and the Western nuclear powers are the best qualified to judge them. There are, however, solid political reasons for making the Western position on disarmament as strong as possible, both as a basis for serious negotiation and as a means of allaying public anxiety about unrestricted development of armaments. To present a pale reflection of the Khrushchev proposals would not meet either of these requirements and this is what the Western five should seek earnestly to avoid. General Burns and his colleagues have admittedly made considerable progress over the past weeks but it seems now that they must try to find some formula for filling the gap as regards nuclear disarmament.

A good start might be to delete the word "conventional" from paragraphs E and F of Stage I (page 1). This would mean that the proposed measures in this Stage relating to armaments and force levels could include tactical nuclear weapons. Moreover, if the items dealing with surprise attack (E in Stage I, I in Stage II) were to include a reference to missiles, it could be justifiably held that the Western proposals did seek with some urgency to deal with the most pressing questions in the field of disarmament. The effect of these changes, from the United States point of view, would *at the time of implementation* involve disclosure of sophisticated nuclear weapons in the tactical category, but at the same time measures under consideration to safeguard against surprise attack would involve the Soviet nuclear capability with long-range missiles. It has yet to be demonstrated that *negotiations* about measures of that kind would produce a weakening of the deterrent on the Western side.

There can be no doubt that changes in this relatively straightforward sense, if accepted by all the Western powers, would add greatly to the Western statement of position. It would then embrace the possibility of concrete nuclear disarmament in relatively early stages of the programme. As they stand, the Soviet proposals leave all nuclear disarmament to the last stage.

With the foregoing in mind, a telegram of instruction to General Burns† has been drafted for your approval and signature. He is instructed to adopt the following positions:

(a) To inform his negotiating partners that the Western paper is not satisfactory to Canada because sufficient priority has not been given to measures involving nuclear armaments and their means of delivery. The items contained in the first two stages and dealing with the prior

notification of missile launchings are considered insufficient. While the Canadian authorities are acutely conscious of security considerations, they believe that the Western *negotiating position* would be strengthened if some items involving nuclear disarmament were included in the first two stages. In this respect, the Canadian position is not unlike that of France.

(b) To press for the deletion of the word "conventional" from paragraphs E and F of Stage I and for the inclusion of a suitable reference to long-range missiles in the items dealing with surprise attack. These changes would be calculated to strengthen the statement of the Western position, although they might not satisfy completely the requirements of France.

(c) If those changes were made, to associate Canada with the amended paper as a statement of an initial Western negotiating position and to support it in the discussions in NATO and in the ten power negotiations, while continuing with his colleagues to achieve additional improvements.

(d) If the changes cannot be agreed in the time available to consider with his colleagues what is the best line to take in the absence of a single agreed Western position. This might involve the presentation of a joint United Kingdom-United States paper which the other Western negotiating powers, including Canada, would support as far as possible. Alternatively, the Western five might prefer to negotiate initially on the basis of the Khrushchev proposals rather than to table counter proposals on which they cannot agree.[59]

N.A. R[OBERTSON]

66. DEA/50271-K-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 981 Washington, April 4, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: Our Tels 971† & 972† Apr 14.
Repeat NATO Paris, Paris, London, Permis New York, Disarm Del, Geneva (OpImmediate), Bonn, Rome from Ottawa, CCOS Ottawa from Ottawa (Information).

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[59] Pour la version finale des propositions occidentales, voir United Kingdom, Parliamentary Papers, Cmnd. 981, *Text of the plan for comprehensive disarmament tabled by the delegations of Canada, France, Italy, the United Kingdom of Great Britain and Northern Ireland and the United States of America at the Conference of the Ten Nations Committee on Disarmament in Geneva on March 16, 1960, together with an Extract from a Speech by the Foreign Secretary at the United Nations on September 17, 1959* (London: Her Majesty's Stationery Office, 1960). La première Session du Comité des dix pays s'est tenue du 15 mars au 29 avril.

For the final version of the Western proposals, see United Kingdom, Parliamentary Papers, Cmnd. 981, *Text of the plan for comprehensive disarmament tabled by the delegations of Canada, France, Italy, the United Kingdom of Great Britain and Northern Ireland and the United States of America at the Conference of the Ten Nations Committee on Disarmament in Geneva on March 16, 1960, together with an Extract from a Speech by the Foreign Secretary at the United Nations on September 17, 1959* (London: Her Majesty's Stationery Office, 1960). The first session of the Ten Nation Committee was held from March 15 to April 29.

FOREIGN MINISTERS MEETING — DISARMAMENT[60]

The basis for discussion at the Foreign Ministers Meeting on Disarmament on April 13 was the proposition, expressed with different degrees of emphasis by all the ministers, that the ten nation negotiations had arrived at a pause amounting virtually to a deadlock, and that some features needed to be taken, both in the Ten Power Committee and at the Summit to regain the momentum of the negotiations and come to grips with specific issues.

2. The Minister laid strong emphasis on the need to take immediate steps to prevent the deadlock in the negotiations from becoming complete. He expressed concern over press accounts of the nature of the negotiations so far which by now had gained wide public currency. These had created the impression that all the negotiators in Geneva were accomplishing was the mutual rejection of each others' plans. This was an entirely unsatisfactory public posture, bearing in mind the responsibility of the governments represented on the Ten Power Committee towards all nations outside the Committee to develop patterns for disarmament capable of application to the Ten initially, and extension beyond the Ten ultimately.

3. There was general agreement in the meeting with these views but some difference of opinion as to the methods by which the present situation might best be improved. The Minister pointed out that one of the less satisfactory elements in the Western position as it had been developed had been its failure to lay sufficient emphasis on the ultimate responsibilities of UN under the Charter for Disarmament, which he suggested may have presented the Soviet side with propaganda opportunities. The Minister referred also to what he feared to be a growing misunderstanding of the Western position on the relationship between the International Disarmament Organization and UN. The Western proposals had been developed in such a way as now to be capable of bearing the interpretation that the Western side was working to set up the International Disarmament Organization entirely outside UN. In these circumstances, the Minister suggested to his colleagues that it might be useful if the Secretary-General were to be encouraged to meet at an early date with the Ten Power Committee with a view to explaining his views on the relationship between disarmament and UN in a way which would preserve the principle of the ultimate responsibility of UN under the Charter. He thought that such an invitation might be extended by the Ten before the April 29 recess.

4. Support for the importance of preserving in principle the position of UN was forthcoming from Mr. Herter and Mr. Lloyd particularly. Mr. Herter said that USA authorities had this point very much in mind, and would within the course of the next week produce a paper for distribution within the Western Five on the question of the relationship between disarmament and UN. Mr. Segni, although less explicitly than either Mr. Herter or Mr. Lloyd, also accepted the Minister's emphasis in principle. Significantly enough, only Mr. Couve de Murville failed to react at all to the suggestion that an invitation to the Secretary-General might be issued.

5. Nevertheless it seemed to be the consensus of the other ministers that, in the present circumstances, an invitation by the Secretary-General in Geneva was unlikely to be helpful at this time.

6. However, all the ministers considered it desirable to counter Zorin's statement by a statement of Western principles. The texts of UK and USA drafts of such a statement (which

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[60] Les ministres des Affaires étrangères des cinq pays occidentaux se sont réunis à Washington, du 12 au 14 avril. Pour un compte rendu de la discussion sur le désarmement, voir *Foreign Relations of the United States 1958-1960, Vol. III* (Washington: Government Printing Office, 1996), document 252.

The foreign ministers of the Western five met in Washington, April 12-14. For a record of the discussion on disarmament, see *Foreign Relations of the United States 1958-1960, Vol. III* (Washington: Government Printing Office, 1996), document 252.

are being despatched to their respective delegations) follow in separate telegrams.† Mr. Herter emphasized the similarity of USA and UK drafts. Mr. Couve de Murville referred to Mr. Moch's similar statement of principles. The ministers agreed that the Western Five in Geneva should be instructed to study all three of these drafts and produce an agreed statement of Western principles which should be advanced as soon as possible in the Ten-Nation Committee to counter Zorin, and to provide a basis for discussions until the recess.

7. At the same time, the ministers agreed that their representatives should attempt to define areas of possible progress in the negotiations on the basis of a comparison of the Western and Soviet plans. The Minister gave particular emphasis to the importance we attach to this exercise. The list of such areas of possible progress would be referred to ministers for consideration at Istanbul. It was also agreed on Mr. Segni's suggestion that the five ministers would consider at Istanbul whether any further pre-summit consultations of the five should be held to prepare final advice for use at the Summit.

8. You will already have received the text of the agreed press statement issued following the meeting.[61]

67. DEA/50271-K-40

Le secrétaire d'État aux Affaires extérieures
à la délégation au Comité sur le désarmement

Secretary of State for External Affairs
to Delegation to Disarmament Committee

TELEGRAM V-256 Ottawa, April 21, 1960

RESTRICTED. PRIORITY.

Reference: Your Tel 368 Apr 8.†

Repeat NATO Paris, Washington, Paris, London, Permis New York, Bonn, Rome, CCOS Ottawa (Waldock) (Information).

DISARMAMENT: NATO MINISTERIAL MEETING

The Minister looks forward not only to hearing an up to date report from you before the five Western ministers meet privately in Istanbul at five p.m. May 1, but also to having you available as an advisor during the NATO Ministerial Meeting there. Disarmament in relation to the Summit will be the first, and one of the most important, items on the agenda of the NATO Meeting.

2. The Minister will arrive in London at nine a.m. April 29 and will leave from there for Istanbul at noon on the following day April 30. Since it seems desirable for you to accompany him from London, a seat will be reserved for you on his plane. I trust this will meet your convenience.

3. You will of course be a member of the Canadian Delegation. We think it undesirable that you should appear in any way as a representative of your Western negotiating colleagues.

4. You will wish to keep Canada House London and the Department informed what arrangements you are able to make either to join the Minister's plane in London or proceed independently to Istanbul.

[N.A.] ROBERTSON

[61] Voir/See "Western Foreign Ministers Meet to Prepare for Summit Conference," *Department of State Bulletin*, Vol. 42, No. 1088 (May 2, 1960), pp. 683-85.

68. DEA/50271-K-40

La délégation au Comité sur le désarmement au secrétaire d'État aux Affaires extérieures

Delegation to Disarmament Committee to Secretary of State for External Affairs

TELEGRAM 646 Geneva, April 29, 1960

CONFIDENTIAL. PRIORITY.

Repeat London, Washington, Paris, NATO Paris, Rome, Bonn, Permis New York, CCOS (Waldock) Ottawa from Ottawa (Information).

DISARMAMENT: REPORT FOR THE FIVE FOREIGN MINISTERS

After numerous drafts and discussions lasting until almost midnight last night, the five delegates failed to reach agreement on suggestions for Western tactics at the Summit. The text which was eventually accepted by all but the French is given below. Full text of the report will be sent to you and NATO by bag and will be available in Istanbul through American channels.

2. Moch's objections appeared to derive from the French emphasis on early action on the means of delivery of nuclear weapons and on nuclear disarmament. He therefore was unwilling to accept either the suggestion in paragraph 3 for the objective on which agreement might be sought with Khrushchev or the proposal in the final paragraph that the Committee should address itself to "early stage" specific measures.

3. It was understood that the four endorsing the tactics would also present recommendations to their ministers. Text of the relevant section in General Burns' memorandum to the Minister is given in our following telegram.

4. Text Begins: "20. *Suggestions for Western Tactics at the Summit.* The most promising tactic for the Western Powers to take at the Summit Meeting would appear to be the following: The Western Powers having tabled their proposal relating to the principles of general and complete disarmament and the conditions for the implementation of these principles, the first course might be to try to get Khrushchev to agree to these Western proposals on principles without attempting to compromise with Soviet statements of general principles.

If this is unsuccessful, the Heads of Government might then state that although both sides accept and support Resolution 1378 of the UN on general and complete disarmament, it is apparent from the discussions that have taken place that agreement on a definition of the term "general and complete disarmament" cannot repeat not be reached. Therefore, they might attempt to reach agreement on an ultimate objective such as is set forth in paragraph A. of the preamble or paragraph III.A. of the Western Plan.

Whether or not repeat not agreement can be reached on such an objective or on acceptable principles, the four Heads of Government should direct their representatives on the Committee to address themselves to negotiations on early stage specific measures. Text Ends.

69. DEA/50271-K-40

La délégation au Comité sur le désarmement au secrétaire d'État aux Affaires extérieures

Delegation to Disarmament Committee to Secretary of State for External Affairs

TELEGRAM 647 Geneva, April 29, 1960

CONFIDENTIAL. PRIORITY.

Reference: Our Tel 646 Apr 29.†

Repeat London, Washington, Paris, NATO Paris, Rome, Bonn, Permis New York, CCOS (Waldock) Ottawa from Ottawa (Information).

DISARMAMENT: REPORT FOR THE FIVE FOREIGN MINISTERS

Following is text of relevant section of memorandum to Minister. Text Begins:

"Difficulties in the Western Position:

When considering possible Western tactics both at the Summit and in future negotiations in the Ten-Nation Committee, it should not repeat not be ignored that at the present moment the West's negotiating position is not repeat not flexible due to a number of unresolved internal Western problems which must be solved in order to enable the West to adopt substantive positions and negotiate them with flexibility are the following:

(a) The Western nuclear powers must reach agreement among themselves on the rate at which they are prepared to transfer fissionable materials from weapons to non-military purposes. Further work is also required on the verification measures we would regard as necessary to control this process.

(b) In order to meet Soviet objections the West must resolve the problem of the relationship between disarmament measures affecting missiles and those affecting other means of delivering nuclear weapons such as aircraft and submarines. This involves the problem of "foreign bases." The first steps toward disarmament may lie in development of proposals for safeguards against surprise attack.

(c) At the present time difficulties within the Western camp place an obstacle to the negotiation of specific force levels. France claims that while the Algerian war persists she cannot repeat not reduce to the 750,000 level. The level of 2.1 million to which the USA will negotiate is rejected by the Eastern side.

(d) Further expert work is required among the Western negotiating partners to enable us to explain in detail to the other side the provisions in the Western plan for the reduction of armaments and the relation of those reductions to specific force levels.

Western Objectives at the Summit:

2. The following suggests the course of action open to the Western Powers at the Summit Meeting that would appear to have the best chance for opening the way for tangible progress in the Ten-Nation Committee.

3. The Western Powers should attempt to obtain the Soviet Union's agreement that the points of difference between the two statements of "principles" submitted in the Committee are not repeat not so great as to constitute an obstacle to detailed discussion of those first measures of disarmament appearing in the initial stages of the Western and Soviet plans. If at the Summit both sides could agree that their conceptions of the final goal were not repeat not fundamentally at variance, the Western Powers could then seek to obtain a Summit instruction

to the Conference to abandon sterile argument on the ultimate stage of the disarmament programme and to begin negotiations on specific first stage measures.

4. The Soviet Union's first response to Western efforts in this direction at the Summit may be to demand a more formal agreement on principles as a prior condition to its agreement to start negotiating first measures in the Ten-Nation Committee. Such a proposal should be rejected, as there would certainly be no repeat no time at the Summit Conference to draw up and reach agreement on such a set of principles. And if the problem were referred back to the Ten-Nation Committee, we should find ourselves committed for a further indefinite period to the same sort of unproductive discussion we have been carrying on for the past seven weeks.

5. Alternatively the Soviet Union might insist that if measures were discussed without prior agreement on principles, then the former must include the "partial measures" suggested in Khrushchev's speech of September 18 in the UN as a second Soviet line in case the Western Powers were unwilling to embark on general and complete disarmament. (It will be recalled that this list of partial measures includes items such as the establishment of an atom free zone in Europe, the abolition of military bases and the conclusion of a non-aggression pact between NATO members and members of the Warsaw Treaty.)

6. If the Western Powers should be successful in obtaining the Soviet Union's agreement to begin discussions in the Conference of first measures, the following would be the specific measures which offer the most promising areas for some constructive progress in the Committee, taking into account the present positions of the two sides:

(a) reduction in force levels and conventional armaments;

(b) safeguards against surprise attack;

(c) cessation of the production of fissionable materials for weapons uses and the conversion of existing stocks to peaceful uses;

(d) the international control mechanism required to verify implementation of the three foregoing measures.

7. Whatever the final result of discussions on disarmament at the Summit may be, it will be important that the Western Powers emerge in the public eye as firm supporters of general and complete disarmament and do not repeat not allow the Soviet Union to present itself as the only custodian of that ideal. Text Ends.

70. H.C.G./Vol. 8

Note du secrétaire d'État aux Affaires extérieures

Memorandum by Secretary of State for External Affairs

CONFIDENTIAL [n.p.], May 1, 1960

MEETING OF WESTERN FIVE ON DISARMAMENT

On my journey to Istanbul, I have been hearing from General Burns about the situation in the Ten-Nation Committee at the time of its adjournment. It seems that the two sides were in such a state of disagreement that they could not even agree on a joint communiqué. The press has called attention to this "disarray" which applies, I gather, not only to the Committee as a whole but within the Western team as well. I have no doubt that we are facing a serious situation and that this is a common problem which we should discuss frankly and thoroughly. I say this at the outset because my remarks are intended not as a criticism of the past but as an attempt to meet the present situation squarely and to suggest means of improving it.

I am sure we can all agree that the results so far in the Ten-Nation Committee are neither impressive nor promising. We had to expect that there would be a tendency to mark time in the period before the Summit Conference and there were at the same time developments in the tripartite negotiations on nuclear testing which might have a delaying influence on the Ten-Power talks. Moreover, the Committee has been engaged only in the opening phase of a very complex and difficult discussion.

Nevertheless, what has happened to date is pretty unsatisfactory. It is clear from the presentation in the opposing plans that there is a fundamental difference in approach to the problem. In two months of negotiation our efforts to lessen these differences have not succeeded.

Assessment of the Negotiations to Date

Each side has argued at length that its own proposals provide the basis for negotiations. Those of the other side have been criticized as an unsatisfactory basis. This is a familiar pattern in East-West negotiations but not one which the Canadian Government would like to see pursued indefinitely.

As a result of the Washington meeting of Ministers in April, the Western negotiators in Geneva were encouraged to seek, in the period before the Summit meeting, to uncover areas of possible agreement between the two sides. The current report of the Five shows how little has been accomplished in that direction and only serves to underline that the positions set by governments were such that an agreement on a plan of work could not be reached.

As a matter of tactics, we have been obliged in the Ten-Nation Committee to speak confidently about our position but, if at this point the Western powers were to go before the United Nations General Assembly, would it be sufficient to argue that the Soviet Union had been intransigent? I suggest that the judgment of the uncommitted nations and of large sections of our own public opinion would almost certainly be that neither side had a monopoly on intransigence.

And surely we must look at the Western position through the eyes of the uncommitted nations, who do not fully share all our suspicions about Soviet intentions. They might find our performance at Geneva one of hesitation and hedging. They would probably see nothing wrong with the sweeping Soviet professions about the ultimate goals of general and complete disarmament within a fixed period. To them the West might appear to have been evading a commitment on ultimate aims and, instead, to be pressing prematurely for a discussion of individual measures having a sharp emphasis on control. To the uncommitted we might appear to be avoiding deliberately the basic issues.

I have no illusions about the difficulties of trying to set a timetable for any comprehensive programme of disarmament. I think that the Western position in this regard has been straightforward and has been presented clearly. I am not convinced, however, that we could not have shown more willingness to seek a mutually acceptable set of principles. As in the past, it might not have proved possible to find common language and almost certainly we would have risked divergence of interpretation. But I believe we could have done more to demonstrate our interest in finding common ground. Even if we had failed in this endeavour, we might have succeeded in the process of persuading the other side to move from generalities to specific measures.

I am glad that the Western side in Geneva has begun to describe the ultimate goal as "general and complete disarmament." I have felt, ever since the unanimous adoption of the United Nations resolution, that it was unwise for any of us to resist that description. To offset the propaganda advantage which the Soviet side have undeservedly had on this score, we should all seek opportunities to emphasize that the Western goal is the one stated in the United

Nations resolution. Incidentally when the time comes to discuss information policy in NATO, the Council should take steps to delete "general and complete disarmament" from the list of items in the NATO document entitled "Countering Soviet Propaganda Themes."

I am fully aware that we must accept and be patient about the frequent periods of deadlock which will occur in these negotiations. This has been typical of recent negotiations with the Soviet Union. But surely this does not absolve the West from exploring every reasonable means for shortening the periods of impasse and delay. Such an opportunity seemed to have been presented when the Soviet representative tabled his "declaration of principles."

If there was any new element in this exchange it was the Soviet suggestion for a "pledge" not to be the first to use nuclear weapons. This proposal, which may evoke considerable public support, was rejected by the West flatly and rather too quickly. I do not say that the "pledge," as presented, did open the door for progress; I say only that it should not have been rejected without exploring it.

I have laboured this assessment of our conduct of the negotiations for two reasons. First, because I see in the performance to date too many propaganda advantages which have accrued to the Soviet side largely by default. For example some people might think we gave Mr. Zorin a wholly undeserved opportunity to pose as the champion of the United Nations. My second reason is much more important: I am convinced that no progress will be achieved in the Committee unless there is a more forthright effort to get the negotiations moving.

Suggestions for Reactivating the Ten-Power Talks

As I see it the report of the Five offers little in the way of recommendation or of hope for a solution to the present impasse in the Committee. In any event, the scene has now shifted to the Summit. A simple presentation by the Western Heads of Government of the list of measures in the Western plan will not suffice. With Mr. Khrushchev they will be required to look to the positions of both sides. As a minimum there must be a sufficient demonstration to world public opinion that the Western leaders are serious in their search for a formula to stimulate and guide the Geneva negotiations.

To date, the Soviet side has offered little more than generalized measures, described as principles. There are difficulties in seeking an agreed statement of principles, and perhaps no real advantage in covering up serious differences with vague phrases. However, the announced Soviet position is not one which Mr. Khrushchev would abandon lightly at the Summit. Indeed we can expect him to press strongly his proposals in whole or in part. However, if our underlying assumptions about the Soviet desire for continuing the détente have validity, Mr. Khrushchev might be prepared to settle for a joint announcement that the real difference between the two sides, as regards "principles," is not so great as to prevent detailed discussion of the measures of disarmament in the early stages of the Western and Soviet plans. The announcement would constitute a directive from the Summit to the Ten-Nation Committee to break off the argument about principles and ultimate goals and to begin negotiations on specific first stage measures. Conceivably, at the Summit Mr. Khrushchev might press for the drafting of an agreed set of principles. A Western response along the lines suggested would be much better than a flat rejection. This may be one way, I suggest, of reactivating the Ten-Power talks.

Another way might be to try to link individual measures from the Western plan with Russian proposals of comparable significance to them. As an illustration, the West might offer to negotiate on controlled limitation of force levels below 2.1 million and related conventional armaments if the Soviet side would agree to negotiate on the nuclear disarmament measures in stages I and II of the Western plan. Each such package would have to be examined very carefully but I believe that it is worth considering this kind of approach. It might well begin a process of balanced concessions.

My third suggestion is that early in the resumed sessions of the Ten-Nation Committee the Western side should propose that as appropriate the Committee should go into private and informal meetings, which would be attended by a limited number from each delegation, in which the Secretariat would not participate, and of which no records would be kept. The emphasis would be on full secrecy. In the past, meetings of this kind have proved successful for making progress in the formal sessions which would of course continue. Instead of having this proposal made in the Committee, the Western Heads of Government might seek to have an agreed directive from the Summit. This would be a more effective way of accomplishing the same end.

I have one further suggestion, which has to do with strengthening our position for the future. During the Committee proceeding to date the Western side have been pressing for the negotiation of concrete measures and especially those in the first two stages of the Western plan. We should assume, I think, that at some stage the Soviet side will come around to this point of view. The time for detailed negotiations may be nearer than we think but in any event we cannot afford to be caught unprepared. It is of the utmost importance that at the moment when the Soviet side responds in this sense, we should be fully prepared to negotiate the measures which we have said are ripe for negotiation.

My impression is that much study remains to be done before the Western negotiators would be in a position to enter into detailed discussions and to retain the initiative in them. This means that the Western delegations in Geneva should take full advantage of the recess and they should be strengthened by the addition of military and other experts as required. I believe too that NATO military planners, through the Council, can greatly assist in this preparatory work for many of these disarmament measures are very directly related to our defence positions and policies. I had this in mind last December when I advocated the development of an intimate relationship between NATO and our disarmament advisers in Geneva.[62] The suggestion has, if anything, gained validity in the course of the intervening months.

Because in the Ten-Nation Committee we are faced with an unsatisfactory situation, and because the Summit Conference will have an important bearing on it, I considered it worth while to speak quite frankly in this group about our common difficulties. For the same reasons, and because disarmament is of equal concern to all members of NATO, in the course of my remarks in the NATO Council tomorrow I intend to speak along the lines of the four suggestions I have made today.

[HOWARD C. GREEN]

71. DEA/50271-K-40

Note

Memorandum

CONFIDENTIAL [Ottawa, n.d.]

SUGGESTIONS FOR REACTIVATING THE NEGOTIATIONS IN THE TEN NATION COMMITTEE MADE BY THE CANADIAN SECRETARY OF STATE FOR EXTERNAL AFFAIRS AT THE PRELIMINARY MEETING OF THE FIVE WESTERN MINISTERS, ISTANBUL, MAY 1, 1960

(a) At the Summit Mr. Khrushchev might insist on looking beyond the measures proposed by the West. He could be expected to press for the adoption of the "principles," which were

[62] Voir volume 26, document 114, annexe A./See Volume 26, document 114, Annex A.

contained in his plan for general and complete disarmament and which had been advanced persistently by the Soviet side in Geneva. It might prove difficult to reach agreement on principles at the Summit but as a minimum there must be a sufficient demonstration to world public opinion that the Western leaders were serious in their search for a formula to stimulate and guide the Geneva negotiations. If agreement could not be reached on principles, Mr. Khrushchev might be prepared to settle for a joint announcement that the difficulties between the two sides on principles were not great enough to prevent detailed discussions on specific measures. It would be better than a flat rejection for the West to propose an announcement along these lines, which would constitute a recommendation from the Summit to the Ten to break off the argument about principles and ultimate goals and to begin negotiations on specific measures.

(b) As appropriate, the Ten Nation Committee should go into private and informal meetings, which would be attended by a limited number from each delegation, in which the Secretariat would not participate and of which no record would be kept.

(c) An effort should be made to link individual measures from the Western plan with proposals from the Soviet side of comparable significance to them. This package approach could be a means of beginning a process of balanced concessions.

(d) Within the Western team, vigorous efforts should be made to complete preparations for negotiations on specific measures. The Canadian impression was that Western preparations were by no means complete and it was important not to be caught unprepared, if and when the Soviet Union agreed to turn to specific measures. Moreover, NATO military planners, through the Council, could greatly assist in this preparatory work, for many of the disarmament measures were directly related to Western defence positions and policies.

72. DEA/50271-E-40

Le secrétaire d'État aux Affaires extérieures
à la délégation au Comité sur le désarmement

Secretary of State for External Affairs
to Delegation to Disarmament Committee

TELEGRAM V-333 Ottawa, June 3, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: Our Tel V-332 Jun 3.†

Repeat Washington (OpImmediate), NATO Paris, Paris, London, Permis New York, Bonn, Rome, CCOS Ottawa (Waldock) (Information).

By Bag Moscow from London.

NEW SOVIET DISARMAMENT PROPOSALS

I have not repeat not yet had an opportunity to study the Soviet proposals.[63] This telegram is intended to give you my preliminary reaction and should be read in conjunction with reference telegram containing the text of my statement in the House on June 3. These telegrams will serve as additional guidance for you in your preparatory discussions in Geneva.

2. In the introductory section of the new Soviet document reference is made to the fact that several states in particular France have expressed the view that the disarmament process should

[63] Voir/See *Documents on International Affairs 1960* (London: Oxford University Press/Royal Institute of International Affairs, 1964), pp. 76-85.

begin with the abolition of the means of delivery of weapons of mass destruction. This cuts to the heart of the difference between USA and France which was so clearly revealed at the meeting of the Five foreign ministers in Istanbul. Herter then emphasized that the French position on this measure raised a maze of uncomfortable problems and that it was dangerous to Western security to bring forward to the first stage an item which properly belonged in the last. He spoke about the multiplicity of weapons, many of which were standard equipment for USA forces which could be classed as "means of delivery." Like nuclear war heads themselves, many of these means of delivery could be very easily concealed. The French proposal, if pursued, could create for the Western Five a serious division on a most important policy matter. In reply Couve de Murville spoke of the need for a balance of nuclear and conventional components in any properly phased disarmament programme and he made no repeat no effort to give precision to the French proposal concerning means of delivery. At Istanbul the UK and French delegations seemed confident that the USSR would reject anything like the French proposal in any event.

3. The difference between USA and France in this regard has been no repeat no secret. The new Soviet proposal shows how thoroughly the Soviet authorities understand and appreciate the difference. This is only one part but a very important part of the difficulty for the West in the revised Soviet plan.

4. The fanfare with which these Soviet proposals have been launched, including the calling in of all ambassadors in Moscow, suggests that a major propaganda offensive may be in the making designed to knock the Western side off balance when the 10-Nation Committee resumes. There are other possibilities as well: the public campaign could be a prelude to a new Soviet effort (a) to discredit the West thoroughly in the 10-Nation Committee; (b) perhaps to discredit the Committee as it is now composed, in other words to seek a change in its composition; or (c) to resume discussion in the Committee but with a view to switching quickly to the UN, presumably to the Disarmament Commission. In any event, this latest move is no repeat no doubt intended to strengthen the Soviet hand at the 15th Session of the General Assembly. The Soviet delegation to the 14th Session made no repeat no secret of its elation at the results from Khrushchev's disarmament initiative last year which paid off handsomely not repeat not only in the Assembly disarmament discussions but in all debates in which the USSR had a major interest.

5. Notwithstanding these extraneous purposes, we believe that the Western reaction to the new proposals should be to continue to press for serious negotiations in the 10-Nation Committee. Given the alternatives of a propaganda debate or serious negotiation, you should be in no repeat no doubt about the Canadian preference for serious negotiation. You should therefore continue to be guided by Telegram V-329 June 1,† in discussing in the Five the tactics for meeting the new Soviet move.

6. I have seen no repeat no suggestion yet as to how the Western Five should reply to the Khrushchev letter.[64] A detailed reply could hardly be prepared before June 7 when the 10-Nation Committee reconvenes. It think it may be desirable to have replied to Khrushchev before the talks resume. In the circumstances it may be advisable to send a brief reply from each of the Five but in similar terms, that is: acknowledging that the complex new Soviet proposals require careful study; welcoming the Soviet intention to present and explain the revised plan in the 10-Nation Committee; and emphasizing that the detailed reaction of the Western Powers will be given in the Committee after appropriate study and consultation. A reply along these lines could be made before the resumption of the Committee. I should be glad to have the

[64] Voir/See *Soviet News*, June 3, 1960.

reaction in Paris, Washington, London, and Rome on this suggestion and also the comments of the other missions to whom this telegram has been addressed.

7. For Washington: I shall be glad to know whether the Prime Minister agrees that a short reply along the lines suggested in the previous paragraph would be appropriate and satisfactory in the circumstances. In any event it would not repeat not preclude a more detailed reply later on if this were considered desirable.

[H.C.] GREEN

73. H.C.G./Vol. 8

Le chef de la délégation au Comité sur le désarmement au secrétaire d'État aux Affaires extérieures

Head, Delegation to Disarmament Committee, to Secretary of State for External Affairs

TELEGRAM 679 Geneva, June 4, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: Your Tel V-333 Jun 3.

Repeat London, Washington, Paris, NATO Paris, Permis New York, Rome, Bonn, CCOS (Waldock) from Ottawa (Information).

The new Soviet proposals seem certain to have strong political and propaganda appeal to the vast majority of the world's people. Moreover, they have at least the appearance of moving in several respects towards the Western position. On the basis of preliminary study, I propose taking the following line on Monday afternoon with my colleagues if you agree.

2. The proposals suggest that there may be a greater possibility of useful negotiation to be the case. It is therefore more necessary than ever to be prepared for serious negotiations. We must explore possible advances towards the Western position without overlooking the unacceptable features of the original plan for general and complete disarmament which seem to remain in the new proposals.

3. The proposal for abolition of the nuclear deterrent in the first stage will require the most careful consultation within the NATO Alliance. Our first task when the meetings resume will be to clarify these provisions in particular and to make it clear to the USSR that governmental consideration of their new and far-reaching proposal is essential. After a period for clarifications and questions and provided that the Soviet representative has indicated a serious approach, we might find it desirable to propose a brief recess for intensive Western consultations in NATO.

4. We should scrutinize the Soviet proposals carefully in order to determine which of the apparent moves towards the Western position may have a genuine basis. The elucidation of this question should be one of the objects of enquiries addressed to the USSR.

5. Also to be clarified are matters which may continue to constitute impediments to agreement. Among these there may be the continuing proposal that the entire process of general and complete disarmament should be executed within a fixed period of time and that a single treaty should embody all measures for the whole process. It is to be hoped that the USSR will not repeat not insist upon this position which is particularly unrealistic.

6. In order to be able to discuss the Soviet proposals and to advocate the Western plan in this new context it is imperative that the papers concerning the provisions of the Western plan be completed as a matter of urgency (see my telegram 678 June 3† for a report on the status of these papers).

7. Among the difficulties I see in the new proposals is the provision that the liquidation of bases should take place at the outset. Although overseas bases for aircraft and missiles might be eliminated with the means of delivery, the concurrent elimination of bases for conventional forces would substantially weaken the Western Alliance. There are certain other early provisions such as the prohibition of naval vessels proceeding beyond territorial waters which would be difficult to accept.

8. On the other hand, the provisions regarding control appear on the whole to be more reasonable than before but detailed scrutiny will be essential. In particular, the question of the meaning of the provision for access to former armaments manufacturing plants to verify that they do not repeat not resume production will have to be clarified.

9. The new provisions for peace-keeping machinery in the final stage of disarmament appears at least to have conceded the point that such arrangements are necessary and this may serve to eliminate one of the important differences between the two sides.

10. In the light of the foregoing, the initial Western statements should be serious and at least at the outset non-controversial, indicating a desire to proceed notwithstanding the absence of direction from the Summit, receiving the Soviet proposals as a contribution to the negotiations, emphasizing the need for study of the proposals and seeking clarifications on particular points.

11. My only comment on the substance of your proposed reply to Khrushchev's letter is that it might be desirable to emphasize the need for careful inter-governmental consideration of the new proposals on the Western side. On the procedural aspects, I would observe that the effective coordination of the replies from the Western Five seems more important than their delivery before the talks resume.

[E.L.M.] BURNS

74. DEA/50271-E-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation au Comité sur le désarmement

Secretary of State for External Affairs
to Head, Delegation to Disarmament Committee

TELEGRAM V-348 Ottawa, June 10, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: Your Tel 689 Jun 8.†

Repeat London, NATO Paris, Paris, Washington, Rome, Bonn, Permis New York, CCOS Ottawa (Waldock) (Information).

DISARMAMENT: SOVIET PROPOSALS

Your telegram underscores two of the most important questions on which the Western Five are required to formulate a clear stand: (a) the elimination of all means of delivering nuclear weapons and (b) the restriction of the membership in the nuclear club. They are, of course, two among the many measures which comprise the field of nuclear disarmament. This in turn will have to be an essential element in any balanced programme of general and complete disarmament.

2. As you point out, both these specific questions have far-reaching implications for Canada and special significance for our NATO partners whose territory lies close to areas where overwhelming conventional forces can be quickly massed by the Warsaw treaty countries. All of these implications deserve, and are receiving, the most careful study here. I assume the same

will be true in the discussions among the Western Five and any consultations in NATO on the subject.

3. Any position Canada adopts must be fully consistent with our announced view that nuclear disarmament in all of its aspects, in particular as regards long range delivery systems, should be given priority but, of course, in the context of a balanced (specially as between nuclear and conventional measures) and controlled programme of disarmament. As we have already indicated, we shall weigh carefully whatever the French may be able to contribute to the consideration of this matter by way of precision and clarification of their own concepts. The rather loosely contrived French paper (your telegram 691 June 8)† suggests that their ideas are far removed from those in the latest Soviet proposal.

4. It follows that in the coming period it will be imperative within the Western Five to get from the French a clear statement of their position, and in the Ten Nation Committee to learn all we can about the Soviet proposals and Soviet intentions with regard to them. As I have repeatedly observed, Canada's purpose in Geneva is to explore every avenue of possible agreement on any helpful disarmament measure.

5. In the light of this and the emphasis I have consistently given to Canada's interest in serious negotiations, you should not repeat not consider yourself inhibited by the fact that Canada is not repeat not a nuclear power. This should in no repeat no way cause you to hesitate to participate fully in this very important phase of the negotiation. I look to you to exercise every reasonable influence you can, in the Committee and in the consultations of the five, to probe for the solid substance of what the USSR and the Western powers are prepared to accept in the field of nuclear disarmament and especially as regards long range delivery systems and the spread of nuclear weapons. In this process of probing and prodding your role need not repeat not be curtailed because of any of the considerations which you have raised.

6. We are giving most careful consideration to the implications which these nuclear proposals have for our defence and disarmament policies I am most anxious that the current period of searching enquiry will enable us to weigh these implications in the light of the real positions of the other participants concerned in the negotiation. It is my hope that this will make it possible for us to determine the most constructive direction for exerting Canadian pressure in the interest of making progress towards disarmament.

[H.C.] GREEN

75. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 192-60 [Ottawa], June 21, 1960

SECRET

DISARMAMENT: SOVIET PROPOSALS OF JUNE 2

On June 7 the Soviet Union opened the resumed meetings of the Ten Nation Committee by introducing a new set of proposals dated June 2 (Annex "A").† These had been delivered to the Ambassadors of the Western Five in Moscow, but also to all diplomatic representatives accredited there, and were released the next day by Mr. Khrushchev at a press conference.

2. In the new Soviet proposals there are sufficient concessions to the Western point of view, and in particular to Canada's stand, to make it unwise to reject the proposals out of hand. Some of the reasons for saying this are:

(a) There has been an apparent effort to include measures, although in Soviet terms, like those advanced by the West in the Committee prior to the Summit recess. The Western powers would not wish to incur, as they did in 1955, the accusation that they were backing away from their own proposals.[65]

(b) Whereas the Western powers could convincingly argue that the Khrushchev plan of last September contained nothing but generalities, the new plan contains practical details of considerable importance. In particular, it puts forward elaborate suggestions for establishing control of disarmament. Moreover, it acknowledges the need for some international machinery to maintain security and to prevent rearmament after the programme of disarmament has been completed. It moves some way in the direction of an international police force, another feature stressed by Canada.

(c) The new proposals are said to be based on principles of balance and staging. The claim is that their implementation would give no state a military advantage over others. These principles, together with that of control, are considered essential by the Western powers.

(d) The Western plan of March 16 emphasizes the need for international study as a preparation for agreement on disarmament measures. The new Soviet proposals admit this to some extent.

3. Accordingly, it seems most desirable not to dismiss the new proposals as mere propaganda but, on the possibility that the new Soviet plan could contain negotiate elements, to seek clarification of the various measures and to get at those which were intended to be taken seriously. This has been the immediate reaction by the West and it has been followed by a period of questioning in the Committee in the course of which the Western side have re-stated some of the principles of disarmament, embodied in the Western plan, which they considered essential. This period of questioning was also intended to give the Western powers time to assess the new Soviet proposals thoroughly, to re-assess Western positions and to concert the reaction of the Western Five in the Committee on various questions of substance raised in the new proposals.

SUGGESTED CANADIAN REACTION

I. PACKAGE PROPOSAL

4. In concert with other Western negotiating countries, Canada should now react with specific proposals for packaging:

(a) proposals from each side that should be related to preserve balance and

(b) proposals from each side that disclose a fundamental similarity of view despite superficial differences in detail.

An example of (a) would be measures in the nuclear field linked with the measures in the field of conventional arms and force levels along the lines detailed below in III and IV. Two examples of (b) would be proposals for disarmament in outer space and for peacekeeping machinery. In essence, the approach would be the offer of concrete suggestions for balanced concessions in the interests of early agreement on partial measures and of the adoption of a practical method for negotiating first on areas which should occasion the least delay before implementation. Gen. Burns has already been instructed to advance this approach in the Committee.

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[65] Voir/See Volume 21, document 85.

II. SINGLE TREATY CONCEPT

5. The desirability of the partial measures approach, although clear to Canada, has so far been opposed by the Soviet side which has insisted that the Conference should attempt to draft one comprehensive treaty. Despite its obvious drawbacks, the one treaty concept might have broad appeal in the United Nations in the light of Soviet advances to meet the Western position. Accordingly, in the interests of moving to effective negotiations, the Canadian reaction should not close the door to the possibility of eventual acceptance of the one treaty approach would be offered as a concession. However, it would be made clear that the treaty envisaged would include:

(a) measures packaged in a balanced fashion in three successive stages,

(b) all essential details of control relevant to the various measures in each stage,

(c) unambiguous provisions to relate the transition from one stage to another to the satisfactory implementation of the earlier stage.

It would also be understood that the two sides would at once settle down to joint study of the provisions to be included in the first stage on the basis of linking balanced concessions on proposals made by both sides in such a way as to ensure that no military advantage would accrue to either at any stage. In addition, to focus attention on disarmament measures as opposed to political questions, the method and timing of the adherence of countries not party to the negotiations would be left in abeyance pending the development of a draft text.

III. NUCLEAR DISARMAMENT

6. As presented the first stage Soviet proposals are unacceptable. They ignore the principle of balance and would place the West at a serious military disadvantage. Nevertheless the West should agree to a first stage "package" containing measures in both the nuclear field and the field of force levels and conventional arms. The details of an acceptable package would, of course, be subject to negotiation.

7. In principle and subject to the creation and effective functioning of an adequate control system, Canada could agree on the following.

Stage I to include provisions for

(a) cessation of production of fissile materials for weapons purposes;

(b) prohibition against placing in orbit or stationing in outer space of any vehicles carrying weapons of mass destruction;

(c) prior notification to a control organ of all proposed missile or rocket firings;

(d) inspection teams at all launching pads, airfields and harbours of submarines carrying nuclear weapons.

Stage II to include provisions for

(a) conversion to peaceful uses of all stockpiles of fissile material;

(b) complete prohibition on all nuclear weapons, coupled with destruction of all strategic carriers, including submarines equipped to fire nuclear weapons;

(c) a "declaration" voluntarily prohibiting the development, manufacture, stockpiling or use of weapons intended for chemical or bacteriological warfare.

These modifications in the Western plan shift measures of nuclear disarmament forward from the second and last stages to the first and second stages. One effect is to do away with the original Western proposal for a first stage devoted almost entirely to joint studies. However, the process of joint study, an indispensable preliminary to intelligently conceived agreement, is retained in the single treaty approach.

IV. FORCE LEVELS AND CONVENTIONAL ARMS

8. If, as suggested above, the earlier stages of a disarmament programme are to include substantial measures in the nuclear field, it is imperative to protect the principle of balance by introducing compensating measures to reduce the Soviet strength in the field of conventional arms. The Soviet proposals envisage no conventional measures in the first stage but provide for a USA-USSR force level ceiling of 1.7 million in the second stage linked with the destruction of arms rendered surplus by the limitation on military manpower. A series of detailed proposals in the Western plan contemplated a USA-USSR ceiling in the first stage of 2.5 million, reducing in the second stage to 2.1 The Western figures were, of course, in the context of a programme which foresaw the destruction of delivery systems occurring only in the last stage. Both sides conceive of comparable ceilings for other states. The Soviet emphasis is on the destruction of conventional arms surplus to force level requirements, while the West has been thinking in terms of sequestration of surplus arms in the first stages.

9. The Canadian position should be based on the need (a) for the early agreement on controlled force level ceilings on all NATO and Warsaw Pact countries and China, and (b) for the fixing of the limitation at as low a figure at each stage as is consistent with the principle of balance between total Eastern and total Western forces rather than between the USSR and United States. In particular Canada should aim at a USA-USSR ceiling in the first stage of not more than 2.3 million (roughly the existing level) followed by a reduction in the second stage to no more than 1.9 million. In each stage appropriate levels would be set for the other countries concerned, so as to maintain an East-West balance of forces. Surplus conventional arms, including nuclear weapons, many of which are now in essence conventional, would be destroyed in each stage.

V. CONTROL

10. The new Soviet proposals are much more detailed on the vital subject of control than the earlier Soviet proposals. However, the Soviet delegation is probably close to the limit of its willingness to discuss control as a sort of theoretical and general exercise apart from specific measures of disarmament.

11. The Canadian reaction should be that the two sides should now deal with all questions of control in a practical way *pari passu* with joint consideration of disarmament measures to be negotiated through a process of balanced concessions.

VI. FOREIGN BASES

12. The new Soviet proposals make provision in their first stage for the elimination of all foreign military bases. The proposals also call for the elimination of nuclear weapons in the first stage, and the Soviet delegation has in addition indicated its willingness to bring forward provisions for reductions in conventional forces into the first stage. The provision regarding military bases is therefore redundant; if the weapons for which the bases exist are eliminated, the reason for the existence of the bases themselves will automatically disappear. Furthermore, the West has had to develop a network of foreign bases because of its geographical position, while the Soviet Union and China have had less need for them because they occupy a compact continental land mass. What matters is not the location of bases, but the fact that the two systems of bases are part of balanced positions of opposing military strength. The Canadian position should be that whether a base is foreign or domestic is fundamentally irrelevant in the search for balanced disarmament.

VII. PEACE-KEEPING MACHINERY

13. The new Soviet proposals concede that should the militia forces which will continue to exist in a completely disarmed world be used for aggression, it may be necessary for the United Nations to collect forces to repel the aggressor, as provided for in Article 43 of the

United Nations Charter. There are still uncertainties about what this apparent Soviet concession actually means. Nevertheless, the Soviet Union has moved a step towards the Western position and provided the basis for a package containing balanced concessions to both points of view. The Canadian reaction should be willingness to negotiate agreed conclusions in this area which would emphasize the ultimate responsibility of the United Nations for disarmament and the vital interest of other states in the safeguarding of peace. In the interests of focussing attention on more immediately significant matters, Canada would stress the need to concentrate at this time on practical measures rather than on theoretical studies relevant to some future stage.

RECOMMENDATION

14. That the suggested Canadian reaction to the Soviet disarmament proposals of June 2 be approved as guidance for the Canadian Representative to the Conference of the Ten Nation Committee.

H.C. GREEN

76. J.G.D./XII/F/137

Note du secrétaire du Cabinet pour le premier ministre

Memorandum from Secretary to Cabinet to Prime Minister

SECRET [Ottawa], June 23, 1960

DISARMAMENT

I would suggest the following to you very briefly:

1. I cannot see how we can expect to make any real progress on this subject until the new American administration is in office and ready to discuss the subject seriously. My appraisal of U.S. opinion now would be that it will not stand for anything that looks like a concession to the Russians at the present juncture and we cannot get any reasonable hope of agreement without something that can be alleged to have this appearance.

2. All those on the Western side will undoubtedly have a very unpleasant time in the U.N. General Assembly this fall over disarmament. The Russians will be in a good propaganda position and can be expected to exploit it to the full. It seems to me our position immediately is to try and protect ourselves as best we can against this propaganda onslaught without prejudicing the real bargaining position when serious discussion resumes next year.

3. In the last analysis, agreement on anything of significance on disarmament is agreement between the United States and Russia. It is agreement on something which the Americans hold to be so important that they are not going to be substantially influenced by "needling" on our part. They will have to be persuaded that the measures of substance we propose can be taken without imperilling U.S. and Western security.

4. There is a good deal in Mr. Green's paper today that seems to have merit but there are dangers in putting it forward in a matter that will cause a breach between us and the United States, particularly at this juncture. Therefore it would seem to be better as a line to be taken in discussion among the Western group, perhaps at NATO in the process of consultation, than to be put forward at the ten nation committee without consultation with our allies. There does not seem to be time for consultation if Burns is to speak tomorrow.

5. Consequently, if Burns is to speak tomorrow, it would seem wiser that he should speak in general terms and not say too much about the substance of the arrangements, but rather something to the effect that the Russian proposals have many points worthy of careful examination, as well as certain very obvious propaganda aspects, and to use this to work around to a position, which we could defend, of having to take some considerable time now to work on the substance of proposals that might have some opportunity of affording the basis for agreement.[66]

6. I feel myself that we should use the time available before serious negotiations can be resumed next winter to have a deeper look into the whole policy of disarmament by a somewhat wider group in Ottawa than that which has been working on it in recent months. It should be related not only to our own defence policy and its development, but also to our appraisal of the U.S. and U.K. and French positions as they seem likely to develop.

R.B. B[RYCE]

77. PCO

Extrait des Conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], June 23, 1960

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Transport (Mr. Hees), (for morning meeting only)
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan), (for afternoon meeting only)
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough), (for morning meeting only)
The Minister of Fisheries (Mr. MacLean), (for morning meeting only)
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois), (for morning meeting only)
The Minister of National Health and Welfare (Mr. Monteith), (for morning meeting only)
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny), (for afternoon meeting only).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin), (Dr. Hodgson).

. . .

[66] Pour le texte de l'allocution de Burns, voir/For the text of Burns' speech, see United Kingdom, Parliamentary Papers, Cmnd. 1152, *Verbatim Records of the Meetings of the Ten-Power Disarmament Committee held at the Palais des Nations, Geneva, March 15-April 29, 1960 and June 7-June 27, 1960* (London: Her Majesty's Stationery Office, 1960), pp. 858-62.

DISARMAMENT; POSITION TO BE TAKEN ON SOVIET PROPOSALS
(Previous reference January 26)

25. *The Secretary of State for External Affairs* said guidance should be provided to the Canadian Representative to the Conference of the Ten Nation Committee. The Soviet disarmament proposals of June 2nd included sufficient concessions to the Western point of view, and in particular to Canada's stand, that it would be unwise to dismiss the proposals as mere propaganda. The United States would probably adhere to the position they had taken on March 16th. Canada should speak for itself and should not merely echo the views of the United States and the United Kingdom.

In concert with other Western negotiating countries, Canada should now react with specific proposals for packaging proposals from each side that should be related to preserve balance and proposals that disclosed an underlying similarity of view.

An explanatory memorandum had been circulated, (Minister's memorandum, June 21 — Cab. Doc. 192-60).

26. *Mr. Green* went on to say that paragraph 12 of the explanatory memorandum should be amended to state that the Soviet proposal on foreign military bases was designed to secure political advantage and had no real bearing on disarmament.

27. *During the discussion* the following points were raised:

(a) The Soviet proposals were superficially attractive but were in reality predicated on a totally unacceptable principle. They called for the elimination of nuclear weapons in the first stage and for the simultaneous elimination of all foreign military bases, ostensibly on the ground that the elimination of the nuclear weapons would make the bases automatically redundant. In actual fact, however, if the U.S. withdrew from its foreign bases the Soviet superiority in conventional arms would enable them very quickly to over-run the whole of Europe. Rejection of the proposal in its present form was therefore vital to the survival of the Western countries.

(b) Paragraph 12 of the explanatory memorandum should be re-drafted to make clear, not just that the Soviet proposal on bases was designed for propaganda purposes, but that the principle could not in any circumstances be accepted.

(c) Some said the Canadian representative had been reluctant to take an initiative in the Committee but during this week he would present Canada's view in favour of package proposals. Others said that it was difficult for Canada at any time to take a substantially different line in the negotiations from that of other N.A.T.O. countries.

(d) Some members said that more time should, if possible, be given for study of such matters, to enable Ministers to consult their advisers before the time when a decision had to be made. Others said that in this particular case it had been impossible to provide more time, and that the instructions to General Burns should be determined on this day.

28. *The Cabinet* approved, as guidance for the Canadian Representative to the Conference of the Ten Nation Committee, a memorandum dated June 21st from the Secretary of State for External Affairs (Cab. Doc. 192-60) on the suggested Canadian reaction to the Soviet disarmament proposals of June 2nd, subject to replacement of paragraph 12 of the memorandum by the following:

"VI. FOREIGN BASES

12. The first stage of the new Soviet plan, item 2, provides that all troops will be withdrawn from foreign territories and that foreign military bases of all kinds will be eliminated. The provision as regards foreign bases is clearly unacceptable to the West. The West has had to develop its network of foreign bases because of its geographical position, while the Soviet

Union and China have had little need for bases because they occupy a compact continental land mass."

. . .

78. H.C.G./Vol. 8

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], June 24, 1960

NEW UNITED STATES DISARMAMENT PROPOSALS

My preliminary reaction to the new United States disarmament proposals[67] is that they represent a serious attempt to meet a number of points which we and other members of the Western Five have raised in criticizing the March 16 proposals. They also represent an attempt to make a number of concessions to the Soviet point of view. If proposals along these lines are approved within the Five and by the North Atlantic Council and advanced next week in the Ten Nation Committee, I believe that there would be a fresh impetus to the negotiations, as we have insisted.

2. In most important respects, the new United States proposals appear to reflect the same considerations which you laid before the Cabinet yesterday. In particular, from the Canadian point of view, there are a number of appropriate references to the United Nations. The first stage of the new proposals contains actual measures of disarmament rather than merely studies, as the Canadian Delegation has always argued should have been the case. On the question of nuclear disarmament, provision is made in the first stage of the new United States proposals for cutting off the production of fissionable material for weapons and transferring this material to peaceful uses. The first stage also provides, in relation to nuclear disarmament, for a prohibition on placing weapons of mass destruction in outer space, in addition to making provision for prior notification of missile launchings. In that the new proposals contain a number of concessions to the Soviet point of view, they also correspond to the Canadian insistence that negotiation should be stimulated by the beginning of a process of balanced concessions. In general, the presentation of the new proposals represents a great improvement over the former Western proposals, and from this point of view will provide a much more satisfactory basis for the Western position at the forthcoming session of the United Nations General Assembly. This also meets a point on which the Canadian view has been firmly stated.

3. Considered as representing a series of concessions to the Soviet point of view, the new proposals contain the following features:

(a) Actual measures of disarmament, including reduction in convention forces from 2.5 to 2.1 million for the United States and Soviet Union, have been introduced into the first stage;

(b) Consistent with the Soviet emphasis in their June 2 proposals on nuclear weapons (and with French insistence on dealing with the problem of means of delivery) provision is made for cutting off production of fissionable material for nuclear weapons and its transfer to peaceful uses; and initial preparations for controlling nuclear delivery systems are made;

[67] Voir/See *Documents on International Affairs 1960* (London: Oxford University Press/Royal Institute of International Affairs, 1964), pp. 85-89.

(c) Concessions of form and procedure are made, in that the United States accepts a modified version of the Soviet treaty concept, agrees to a modified version of the Soviet concept of disarmament according to a time table, and accepts the Soviet suggestion that the International Disarmament Organization should be clearly specified to be a control body.

(d) In the second stage further substantial disarmament measures, including a reduction of conventional forces to the level of 1.7 million for the United States and the Soviet Union are provided for and provisions also made for actual destruction of agreed categories of nuclear weapons and delivery systems ranging from missiles to artillery.

4. One point of criticism of the presentation of the new proposals which you might wish to make to the United States Ambassador has to do with the first sentence of the introduction to the proposals, where it is stated that "The ultimate goal is a secure and peaceful world of free and open societies." I wonder whether the reference to "open societies" will have as much public attraction outside the United States as those who drafted these proposals may believe. The concept of an open society as it is understood in the United States is probably different from the concept which Canadians have of such a society, to say nothing of the different views on this point which may be held in the uncommitted countries and in the Soviet Union itself. Since this language was presumably included to make as wide an appeal as possible to international public opinion, particularly in the uncommitted world, perhaps it might be better to alter the reference to "open societies" to take account of the sensitivity of newly independent nations who might conceivably look on this objective as a threat to their recently acquired sovereignty. In other words, it may not be in the best interests of the West to indicate at the outset of their presentation of a generally attractive new set of disarmament proposals that their ultimate reason for wanting disarmament is to open up other people's countries.

5. Perhaps it would be better to retain the wording of the March 16 proposals, which speak of the ultimate goal of "a secure, free and peaceful world." To my knowledge, the statement of the Western goal in this form has never been a cause of adverse comment, either from the Soviet bloc or from the uncommitted countries.

N.A. R[OBERTSON]

79. H.C.G./Vol. 8

Le président du Conseil des ministres de l'Union soviétique au premier ministre

Chairman, Council of Ministers of Soviet Union, to Prime Minister

[Moscow, June 27, 1960]

Translation from Russian

Mr. Prime Minister,

I have received your letter of the 6th June.† I must tell you that the state of matters in the Ten-Nation Committee on Disarmament causes us serious concern.

As you know, Mr. Prime Minister, on the 18th of September, 1959 the Soviet Government submitted for the consideration of the United Nations Organization a program of general and complete disarmament. Desirous of making a new contribution to the cause of safeguarding peace and creating the most favourable conditions for reaching agreement on general and complete disarmament, the Supreme Soviet of the USSR adopted on the 15th of January, 1960, a law concerning a new considerable reduction of the Soviet armed forces by 1,200,000 men.

In an endeavour to achieve as soon as possible a workable agreement on the urgent problem of disarmament, the Soviet Government, developing its program of disarmament put forward on the 18th of September, 1959, had worked out and prepared for discussion at the conference of the leaders of the four powers detailed proposals concerning the realization of general and complete disarmament. In these proposals we took into account the considerations expressed by the western powers in respect of a number of important points, more particularly concerning the priority of the prohibition and elimination of all means of delivery of nuclear weapons, including the abolition of military bases, details of control of disarmament, measures for the safeguarding of peace and security under conditions of complete disarmament, and others.

Since as a result of the provocative actions undertaken by the US Government in respect of the Soviet Union the conference at the summit was wrecked, the Soviet Government, taking into account that the consideration of the problem of disarmament tolerates no delaying attitude, has forwarded the proposals it had prepared to the governments of all nations and submitted them to the Ten-Nation Committee for consideration. These proposals were supported by the governments of Poland, Czechoslovakia, Roumania and Bulgaria, which are members of the Committee, and by the governments of a number of other nations.

In forwarding to you our letter dated 2nd June a.c., we hoped that the Canadian Government, in accordance with its repeated statements about the necessity of reaching general and complete disarmament, would receive with understanding the new Soviet proposals concerning disarmament and would make an effort towards achieving progress in the work of the Ten-Nations Committee on Disarmament. It must, however, be said that the delegations of the Western powers, including Canada, have adopted in this Committee an attitude aimed at anything but success in the cause of disarmament. Not only do they do, on their part, nothing to facilitate the soonest possible agreement on disarmament, but on the contrary, they appear to have chosen for their purpose to do everything to prevent such agreement, to channel all the Committee's work away from the solution of the practical problems of disarmament, and to drown the cause of disarmament in fruitless and endless discussions on the subject of control without disarmament.

More than three months have elapsed since the Committee of the Ten began its work in Geneva. For its consideration, the Soviet Union has submitted concrete, detailed plans for disarmament under effective international control, while readiness was expressed to examine any constructive considerations of the other members of the Committee, directed towards reaching general and complete disarmament. Meanwhile the Western powers, whose governments had only recently voted for a resolution of the UNO General Assembly in favour of general and complete disarmament, are in fact avoiding in the Committee examination of any concrete proposals concerning disarmament.

On their part, Canada, the United States, Great Britain, France and Italy have advanced in the Committee of the Ten a plan which, with the best of intentions, cannot be considered as a plan for disarmament. Rather, it is a plan for control with disarmament, i.e. for legalized military espionage, which is known greatly to appeal to certain circles in the West. In actual fact the Western powers are attempting to reduce the whole matter to the establishment of control of intercontinental ballistic missiles and artificial Earth satellites. It is easy to guess the meaning of such a plan: it represents an attempt to secure unilateral military advantages for the NATO powers to the detriment of the safety of the Soviet Union. Naturally, no agreement is possible on this basis. The endeavour to prevent agreement on the problems of disarmament is obviously the purpose which the Western powers have set for themselves in their work as members of the Committee of the Ten. The latter is being used by these powers as a screen by which they try to conceal their unwillingness to disarm.

The experience of the negotiations in the Ten-Nation Committee has shown that the governments of the Western nations which take part in the work of that Committee obviously do not wish for the prohibition and destruction of such a terrible weapons of mass destruction as the atomic and hydrogen weapons. All concrete proposals regarding these problems are systematically rejected by the representatives of the Western powers under various pretexts, and everything is drowned in fruitless discussion.

Instead of discussing concrete measures of disarmament, the Western representatives are attempting to justify military preparations and the existence of a network of numerous bases on foreign territories. I must tell you, Mr. Prime Minister, that the Canadian representative in the Committee of the Ten is no exception in this respect. The stand taken by the Canadian representative in the Committee of the Ten raises the legitimate question whether it reflects the influence of that line in international affairs which is pursued by the US government and which has prevented fruitful discussion of the most important international problems by the heads of the four powers.

Looking at matters realistically, it must be said that as a result of the position adopted by the Western powers, the work of the Committee of the Ten has reached an impasse, has degenerated into fruitless battles of words, while the Committee itself has become anything but an organ for the promotion of the cause of disarmament. Manifestly, there are influential forces in the West, which are not interested in the realization of disarmament and are attempting by all means to obstruct agreement on disarmament, and that these forces have succeeded in putting their stamp on the position of the Western powers in the Committee of the Ten. Surely, not only does that Committee fail to promote the cause of disarmament but on the contrary, does it a great deal of harm in so far as it misleads the nations by creating illusions as though something were done in the field of disarmament, while in actual fact the Western powers are again stepping up the arms race, which from day to day increases the hazard of a destructive nuclear rocket war.

The Soviet Government cannot accept such a state of affairs. It cannot agree that the participation of the Soviet Union in the Committee of the Ten, whose sincere pursuit of agreement on disarmament is well known, be used as a screen to cover up activities that have nothing in common with actual disarmament.

We should like to believe that the stand taken at the present time by the Canadian representative in the Committee of the Ten is not the last word of the Government of Canada. We should like to hope that the Canadian Government, whose leaders, including yourself, Mr. Prime Minister, have repeatedly recognized the necessity of solving the problem of disarmament, will in all seriousness examine the position which has arisen in the Ten-Nation Committee on Disarmament.

I am telling you quite frankly, Mr. Prime Minister, that the Soviet Government, having examined the position which has arisen in the Committee, has come to the conclusion that, judging by the position adopted by their representatives in Geneva, the Western powers do not desire serious negotiations on disarmament. They obviously have their own special considerations which have nothing in common with the task of disarmament. This is reflected in the continuing arms race pursued by the above-mentioned powers and in the fact that in the course of the disarmament discussions in the Committee they only attempt to make a show of negotiation and thereby to deceive the peoples whose sincere aim it is that the problem of disarmament should find its solution.

Taking all this into consideration, the Government of the USSR has come to the conclusion that it must discontinue its participation in the fruitless discussion in the Committee of the Ten in order to submit for the consideration of the next session of the UNO General Assembly the problem of disarmament and of the situation which has arisen regarding the implementation of

the resolution of the General Assembly, dated November 20, 1959, on this problem. Apparently, this also raises the question of the composition of the Committee.

The Soviet Government is firmly convinced that the problem of disarmament, on which depend the destinies of peace or war, can and must find its practical solution, and that no artificial obstacles in this great cause, no procrastination can be tolerated.

These, Mr. Prime Minister, are the considerations concerning the problem of disarmament, which I thought it was my duty to impart to you.

Respectfully,

N. KHRUSHCHEV

80. H.C.G./Vol. 8

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 1632 Washington, June 27, 1960

SECRET. OPIMMEDIATE.

Repeat London, Paris, NATO Paris, Permis New York (OpImmediate), Geneva (OpImmediate), Rome, Bonn from Ottawa, CCOS Ottawa (Waldock) (Priority) from Ottawa (Information).

DISARMAMENT: WESTERN RESPONSE TO SOVIET WALKOUT

We were called to the State Department by Francis Wilcox, (Assistant Secretary of International Organization Affairs) this afternoon along with officials of the other missions on the Western side of the Geneva disarmament talks. The purpose of the meeting was to put forward a USA proposal, which we understand has the approval of Secretary Herter, that the five Western governments, in the face of the abrupt Soviet withdrawal, should take prompt action to request the Secretary-General of the UN to convene the Disarmament Commission for the purpose of reviewing the Ten Power proceedings, and to secure the support of the Commission for resumption of the Ten Power disarmament negotiations. The State Department hopes that if this proposal is agreed it will be possible to take action in New York on Wednesday or Thursday of this week, and to provide for the convening of the Disarmament Commission on Wednesday or Thursday of next week (July 6 or 7).

2. As outlined by Wilcox, the principal reasons for proposing this action are to retain the initiative which has been given to the Western Powers as a result of the Soviet action in Geneva, and to bring the case for resumed negotiations before the world forum provided by the present Disarmament Commission. In addition, the State Department has in mind that the Soviets have proposed the inscription of two items for the agenda of the next session of the General Assembly. Wilcox also said that they considered there was a possibility that one or other "neutral" members of the UN might propose a meeting of the Disarmament Commission (he said that they had no repeat no direct evidence of this but that it was, they thought, a possibility) and that it was preferable for the Western Powers concerned with disarmament to make a prompt report on the Geneva proceedings to the Commission and seek the support of its membership for the resumption of negotiations.

3. In the course of discussion it was clear that the State Department had already considered and rejected the suggestion (see Geneva Disarmament Delegation telegram 974 June 27)† for a special session of the General Assembly, and also the possibility of convening the Security

Council, which raised problems of representation, and which failed to meet what is regarded as desirable, i.e. that the principal organ of the UN concerned with disarmament should be promptly informed of the present state of the Geneva discussions, and should bring its weight to bear to have them resumed.

4. The State Department provided us with the very tentative drafts of a covering letter to the Secretary-General, and a draft resolution which might be put before the Disarmament Commission, emphasizing that their views on the content both of the covering letter and of the draft were flexible. In particular, Wilcox recognized that it might not repeat not be appropriate for the Five Western Powers, whose association with this proposed action is requested, to transmit USA proposals which have been recently introduced in the Geneva discussions. The text of the draft covering letter and draft resolution are contained in my telegram 1633 June 27.

5. In the course of discussion, two principal substantive points were raised. UK Embassy representative expressed the view that to place the disarmament problem at this stage before the Disarmament Commission might result in opening up the whole question of membership of the Ten Power group, and might also involve a substantive debate at a time when the Western position is not repeat not yet fully agreed. The State Department officials present recognized these possibilities, but considered that the Disarmament Commission should not repeat not be ignored and that the prospects of an orderly outcome would be facilitated by concerted initiative on the part of the Western Five as an urgent follow-up procedure to the deadlock in Geneva. They added that the greatest importance was attached to the continuation in Geneva by the Western delegations of their efforts to arrive at an agreed plan, and USA delegation had received instructions in this sense. In canvassing informally the various ways in which an effort might be made to bring about a resumption of negotiation, we referred to the possibility of calling for a meeting of the representatives at the appropriate level of the Ten Powers specifically concerned with disarmament. It was the view of the State Department officials, however, that the UN was the appropriate framework for follow-up action at this time.

6. It was agreed that we should request urgent instructions from our governments on the principle of taking action on the lines proposed, it being recognized that the drafts of the letter and their proposed resolution would be subject to close scrutiny once the basic decision of principle had been taken.

7. Your early comments are requested.

81. H.C.G./Vol. 8

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 1647 Washington, June 28, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: DisarmDel Tel 979 Jun 28.†

Repeat London, Paris, NATO Paris, Permis New York, DisarmDel Geneva (Priority), Rome, Bonn (Priority) from Ottawa, CCOS (Waldock) Ottawa (Priority) from Ottawa (Information).

DISARMAMENT: WESTERN RESPONSE TO SOVIET WALKOUT

After speaking to the Under-Secretary this afternoon, I have informed the State Department that the Canadian Government agree to the calling of a special meeting of the Disarmament

Commission as proposed by USA. I have also reaffirmed the urgency which we attach to the earliest possible composition of Western views in the production of an agreed Western plan.

2. The State Department told us this afternoon that the British had agreed, as we knew, to the reference to the UN Disarmament Commission; also the Italians have now given their consent. They expected that they would hear favourably from the French later this afternoon.

3. We understand that the State Department consider that the detailed discussions between the interested delegations on the procedure and form of the request for the convening of the Commission could most appropriately take place between our delegations in New York.

[A.D.P.] HEENEY

82. J.G.D./VI/806

Le premier ministre
au président du Conseil des ministres de l'Union soviétique

Prime Minister
to Chairman, Council of Ministers of Soviet Union

Ottawa, June 30, 1960

Dear Mr. Chairman:

I have received your letter of June 27 announcing the decision of your Government to discontinue its participation in the work of the Ten Nation Disarmament Committee. The action of the Soviet Delegation and the delegations of Bulgaria, Czechoslovakia, Poland, and Roumania in leaving the Committee without warning gives cause for serious regret and concern. I find these developments deeply disquieting.

At the outset, let me dispose of the charges you level at the positions taken by the Western delegations, particularly by the Canadian representative. Your remarks seem to me not so much concerned with the conduct of the negotiations as with the aim of creating differences among the Western delegations.

If your allegations against the Canadian Government are seriously meant, they constitute a transparent misrepresentation of Canada's position. The Canadian Government has throughout adopted in the Ten Nation Committee a strong and independent stand in support of balanced concessions leading towards agreement. Furthermore, despite all setbacks we have not ceased to advocate in other fields the continuance of a policy of negotiation with a view to the restoration of mutual confidence between the Soviet and Western worlds.

The seriousness of the Canadian Government's interest and purpose in embarking on the disarmament negotiations has been amply demonstrated. On a number of occasions, most recently on June 24, the Canadian Delegation made detailed suggestions designed to bring the Ten Nation Committee to grips with the task of real negotiation. Unfortunately, the Soviet Union and its allies did not respond to these suggestions or to a number of other Western proposals to move towards specific measures of disarmament.

Indeed I find it difficult to understand the logic of your Government's action in discontinuing these important talks at this juncture. At the time of the failure of the Summit meeting, the Canadian Government took the view that all the other East-West negotiations then proceeding automatically assumed greater importance, since they constituted a useful means through which the deterioration of international relations could be checked. In the view of the Canadian Government the situation demanded that the members of the Committee put behind them the opening phases of the negotiations and proceed immediately with their task.

It was in this spirit that on June 6 I replied to your earlier letter enclosing the new Soviet disarmament proposals of June 2. The Canadian Government, along with the other Western governments participating in the Ten Nation Committee, found your revised proposals worthy of careful study. In this connection, I would call your attention to the following remarks made by the Secretary of State for External Affairs in the House of Commons on June 15, 1960,

> "The Canadian Government wants these proposals to receive a patient and searching examination in the Ten Nation Committee, as marking the opening of a phase of detailed, business-like and uninterrupted negotiations. We believe there should be no hasty, ill-considered reaction to the new Soviet proposals, but the most careful and constructive examination of these proposals in the Committee which circumstances permit."

Nevertheless, your revised proposals embodied a number of provisions which differed materially from those you submitted to the United Nations on September 18, 1959. It was not unreasonable, therefore, that the submission of your proposals of June 2 should have given rise to a series of probing questions by the Western side in the course of the ensuing sessions of the Ten Nation Committee. Nothing in your letter explains why, during the same period, the Soviet Government and its allies began to give public indications of an intention to break off the negotiations. Such actions stand in odd contrast with your professed desire for genuine negotiations, and scarcely reflect a recognition of the urgency and importance of the work of the Committee.

My greatest difficulty is in understanding why the Soviet Government chose to break off the negotiations when it was aware that the Western countries were about to introduce new proposals which, together with the Soviet proposals of June 2, gave promise of bringing new life into the negotiations. A full opportunity was offered to the Soviet Union and its allies to reconsider its position on the day following the withdrawal of the Soviet and other Eastern delegations. That opportunity was not taken.

It had always been my understanding that the General Assembly of the United Nations would have an opportunity periodically to review the work of the Ten Nation Disarmament Committee. I had assumed that the next session of the General Assembly would provide the first such occasion. I had hoped that, rather than return to the United Nations with a record of failure, the Ten Nation Committee could instead have reported progress. You suggest in your letter that progress in the negotiations was not to be expected. My conclusion is that there was every chance for progress at the time of the Committee's precipitate adjournment.

When you have had an opportunity to study the new proposals from the Western side, I hope you will agree that these proposals show that the Western countries are sincerely desirous of reaching a disarmament agreement. I hope too that on reflection you will find it possible to authorize your representative to resume participation in the vital work of the Ten Nation Committee.

I am,

Yours sincerely,

[JOHN G. DIEFENBAKER]

83. H.C.G./Vol. 8

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 846 New York, June 30, 1960

SECRET. OPIMMEDIATE.

Reference: Our Tel 840 Jun 29.†

Repeat Washington, London, DisarmDel, NATO Paris, Paris, Bonn, Rome from Ottawa, CCOS (Waldock) from Ottawa (Information).

DISARMAMENT — WESTERN RESPONSE TO SOVIET WALKOUT

We have now had an opportunity to take soundings with a number or representatives of "uncommitted" countries on the projected meeting of the Disarmament Commission. These countries include Sweden, India, Ceylon, Yugoslavia, Japan, Israel, the UAR, Lebanon and Pakistan. In our talks with these representatives we have in accordance with your instructions strongly emphasized the desirability in our view of an early meeting of the Commission.

2. We have particularly pointed out the responsibility of the Disarmament Commission. We have reminded them that the Disarmament Commission only agreed to the Ten-Power Committee undertaking negotiations in the hope that it would produce more effective progress towards disarmament than the larger 82-member body and that now owing to the action of the Russians in breaking off discussion just when the Western Powers were coming forward with new and positive proposals the work of the Ten-Power Committee has been brought to a halt. In this connection we have mentioned the Canadian approach in favour of "package deals" speaking along the lines of your statement in the House of Commons of yesterday and General Burns' statement in the Ten-Power Committee on June 24. We have encountered sympathy and approval for the Canadian position in the disarmament negotiations.

3. We have also emphasized in our conversations the potential danger of a gap of several months without any continuity in negotiation over disarmament and the need for some kind of guidance from the UN which would call upon the parties to resume negotiation in the spirit of the Security Council Resolution S/4328 of May 27.[68]

4. The response to our overtures has been mixed. There has been, as I say, a ready acknowledgment of the part that Canada has played at Geneva, but a very tepid reaction from all delegations mentioned to the proposals for an early meeting of the Disarmament Commission. This latter attitude seems based upon the fairly widespread view in these countries that an early meeting of the Commission would in effect be an American inspired propaganda move aimed at putting on the record that the Russians had been in the wrong in breaking up the Geneva talks. For such an operation there is little enthusiasm; the Secretary-General's attitude as outlined in his press conference today (see our telegram 843 June 30)† can only have the effect of discouraging still further any enthusiasm for an early meeting.

5. In view of the fact that we favour an early meeting of the Commission, it seems, looking at this question from the point of view of UN opinion that if we are to make an impact on the uncommitted countries, whose support will be essential if a meeting takes place, we shall have

[68] Voir/See *Documents on International Affairs 1960* (London: Oxford University Press/Royal Institute of International Affairs, 1964), p. 42.

to try to give the proposal for a meeting a complexion which is more likely to attract opinion here. With this end in view, I venture to suggest that the Canadian position might take into account the following factors:

(1) As part of an effort to convince the uncommitted countries that the purpose of the Western Powers is not repeat not merely to score propaganda points off the Russians, it would be useful to go through the motions of consulting the Russians in advance of such a meeting in order to give them an opportunity to agree to it or alternatively to reject our offer of cooperation;

(2) It seems desirable that if possible the Disarmament Commission should be called at the instance of its Chairman (Nervo) as this would be a recognition of the responsibility of the Commission (as contrasted with the initiative of the Western Powers) and might have some influence in associating the Latin-Americans with a positive approach towards the meeting;

(3) It seems important that we should not repeat not approach the meeting on the Western side with a cut and dried resolution in the name of the Western Five as this might be regarded, however praiseworthy in form, as a Western propaganda initiative. If a satisfactory resolution could come (or be stimulated) from the uncommitted countries as in the case of the Security Council Resolution of May 27, it would be more effective as a demonstration of world opinion and in terms of gaining votes than a purely Western resolution;

(4) To the extent that a meeting of the Disarmament Commission may involve discussion (although not repeat not decision) on the question of the addition to the Ten-Power Committee of other UN members (e.g. India or Yugoslavia) it will be important not repeat not to discourage such proposals if they have fairly widespread support, as we do not repeat not wish to be in a position of appearing to oppose the participation of uncommitted countries, if this is proposed by the Soviet Union.

6. If due consideration is not repeat not given to uncommitted UN opinion, we run a serious risk of rebuff in the Disarmament Commission and even more so in the General Assembly when 15 additional new African votes may be added to the neutral element in the Assembly. On the other hand, by stressing the positive elements in the proposal for a Disarmament Commission meeting, and making clear our Canadian contribution at Geneva, we shall be more apt to attract UN sympathy for our position and thus dispel the suggestion which is being propagated in UN circles by the Soviet Mission that the Commission meeting is a propaganda exercise. This does not repeat not of course imply that we should refrain from putting the blame where it lies for the break-off at Geneva.

7. Meanwhile I am sorry to say that the divergencies I have already reported between the views of the USA Permanent Representative here and of the State Department and the complication resulting from the French position plus the incessant press rumours coming from the USA delegation have produced an embarrassing impression of contradiction and confusion on the Western side which can only be a source of satisfaction to the Soviet delegation and of perplexity to our friends.

[C.S.A.] RITCHIE

84. DEA/50271-K-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to United Nations

TELEGRAM V-411 Ottawa, June 30, 1960

CONFIDENTIAL. OPIMMEDIATE.

Repeat NATO Paris, Paris, Washington, London, DisarmDel, Bonn, Rome, CCOS Ottawa (Waldock) (Information).

CONVENING THE DISARMAMENT COMMISSION

You should make use of the following arguments in urging on your colleagues the need to convene the Disarmament Commission.

2. First, United Nations has the ultimate responsibility for disarmament under its Charter; in the absence of active negotiations for disarmament outside the United Nations, it becomes all the more incumbent on the organization to take action to discharge its responsibilities. Canada is perhaps better placed than any other member of the Five Western Nations on the Ten Nation Disarmament Committee to argue this position. Canada accepted the invitation to serve on the Committee on the understanding that even though the Ten Nation Committee was only loosely associated with the United Nations, the principle of the ultimate responsibility of the United Nations for disarmament would be preserved. Furthermore, Canadian representatives have consistently argued throughout the preparation of the Western disarmament position and in the Ten Nation Committee for positions designed to take proper account of the role of the United Nations in disarmament specified in the Charter. The Canadian government is therefore not open to the charge that it only wishes the United Nations to discuss disarmament when all else fails. From this point of view, the Canadian attitude has been akin to that of a number of the smaller countries who, although they have reiterated many times that disarmament is not simply a matter for the Great Powers but for the United Nations as a whole, now appear to be opposed to the convening of the Disarmament Commission.

3. Second, the logical instrument through which the Charter responsibilities of the United Nations can be discharged is the Disarmament Commission. It is true that this is now a cumbersome body which could easily become a propaganda forum. Nevertheless, it is the only United Nations body which exists. It is worth remembering that some of the countries which are now evidently opposed to convening the Disarmament Commission on the grounds that only a propaganda debate would result are the same countries which took the lead in converting the Disarmament Commission into its present form.

4. From this point of view, countries like India and Yugoslavia which co-sponsored the resolution to enlarge the membership of the Disarmament Commission at the 13th Session, are particularly vulnerable. The record of the debates in the First Committee are worth consulting on this point (summary of records of the 13th Session at page 103 and following). In justifying the enlargement of the Disarmament Commission at that time, the Indian and Yugoslav representatives envisaged that the Disarmament Commission would act in just such a situation as now exists. Therefore we find it hard to see how they could easily argue that in the present circumstances the Disarmament Commission should not meet. In 1958 Lall said, for example, that "it was logical and reasonable for all states to be in a position to meet — continuously, if necessary, but certainly at any time — in order to consider disarmament issues." In the same debate Vidic argued that the enlarged Disarmament Commission "might avert the danger of a

continuing deadlock in disarmament negotiations and it would stress the common responsibility of all member states in the matter and permit them to contribute to a solution."

5. Representatives opposed to the convening of the Disarmament Commission may argue that such a move lead only to a propaganda debate. Part of the answer to this argument has been given above; that is, that if the Disarmament Commission in its present form lends itself to propaganda debates, this can hardly be said to be the fault of the Western countries who have no other machinery to call on in the present circumstances. But a much more important argument, in our view, is that it is only the Soviet bloc which maintains that a propaganda debate would result. So far as the Western countries are concerned, and certainly so far as Canada is concerned, we have no interest in a propaganda debate. On the other hand, since there was hope of progress in the negotiations if the Soviet bloc delegations had only stayed long enough to permit their proposals of June 2 and the new Western proposals to be considered together, we do not see why the negotiations need to have been interrupted in the first place. Sooner or later, they will have to be resumed. If, as it appears to us, there was the material for serious negotiation in the situation which immediately preceded the Soviet bloc withdrawal, we fail to see why steps should not be taken to make the interruption in the negotiations as brief as possible. Furthermore, if it is the Soviet estimate that nothing but a propaganda debate on disarmament may be possible until a new administration is in power in the United States, then we see no reason why it would be preferable to wait until the General Assembly to have such a debate. Surely it would be better to clear the air in the Disarmament Commission now rather than allow the situation to deteriorate through inaction for another three months. The Assembly session could then be used, if necessary, for constructive steps to restore the negotiations if the Soviet bloc continues to make this impossible for the time being.

6. You might point out, if other representatives fear a propaganda debate as a result of a Western initiative to convene the Disarmament Commission, that nothing in the recent record of Western participation in the disarmament negotiations would bear out the Soviet charge that the West's intentions are not serious. On the contrary, the unanimous Western reaction to the Soviet proposals of June 2 was that they should be given serious consideration by the Ten Nation Committee. There was no disposition to seize upon the obvious propaganda content of the latest Soviet proposals in order to dismiss them out of hand. Even more convincing is the fact that the Western countries were on the verge of introducing new proposals which made as many concessions to the Soviet point of view as the June 2 Soviet proposals had made to the Western point of view. Canada's interest in serious negotiations as opposed to propaganda has been reiterated time and again, and as recently as June 24, General Burns made an extended statement in the Ten Nation Committee giving Canadian suggestions for bringing the negotiators to grips with their task. If there is one single factor to account for the present rupture in the negotiations, it seems to us that it is the Soviet decision — which is completely belied by the preparation of new Western disarmament proposals — to break off the negotiations in the mistaken belief that it is impossible to do business with the present United States administration.

7. In these circumstances, we believe that the United Nations would be failing its responsibilities if it did not take action to bring about a resumption of the negotiations. This is particularly so since the propaganda debate which some of your colleagues evidently wish to avoid will probably take place in the General Assembly unless something is done immediately to prevent this. It seems to us that those nations which took the lead in creating a Disarmament Commission designed to represent the interests of all the smaller countries and to provide alternative machinery for negotiation in the event of Great Power disagreement have a particular responsibility to take positive action at this juncture.

8. In addition to the foregoing arguments, you will be aware that paragraphs 3 and 6 of the Disarmament Commission's Resolution of September 10, 1959 provide the legal basis for reports to the Commission from the Ten-Nation Committee.

[H.C.] GREEN

85. H.C.G./Vol. 8

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 852 New York, July 1, 1960

SECRET. OPIMMEDIATE.

Reference: Our Tel 840 Jun 29.†

Repeat Washington, London, DisarmDel, NATO Paris, Paris, Bonn, Rome from Ottawa, CCOS (Waldock) from Ottawa (Information).

DISARMAMENT — WESTERN RESPONSE TO SOVIET WALKOUT — SECRETARY-GENERAL'S VIEWS

I called on the Secretary-General this morning to put to him the view of the Canadian Government that an early meeting of the Disarmament Commission was most desirable. I used the arguments outlined in my telegram 846 June 30 (and which I will therefore not repeat not rehearse again here). In particular I emphasized the responsibility of the Disarmament Commission in the sphere of disarmament and pointed out that if no action were taken to achieve progress in disarmament in the UN there might be considerable disillusionment in many quarters with the UN. I emphasized that in Canada public opinion was strongly in favour of very early action.

2. The Secretary-General said in reply that he fully shared the Canadian position with regard to the responsibility of UN. He thought that the earliest appropriate time for a Disarmament Commission meeting might be at the end of July or the beginning of August. Mr. Hammarskjöld said that he believed that such a meeting should be called by the Chairman of the Commission. He said that Mr. Nervo might notify members that he proposed to call an early meeting of the Commission after taking the necessary soundings with the 82 members as to the question of the actual date of the meeting. He had asked himself the question whether a meeting in the immediate future of the Disarmament Commission would further the real cause of disarmament and after due consideration and taking soundings in many quarters he had come to the definite conclusion that it would not repeat not. This he said was the essential question. Mr. Hammarskjöld went on to say that he believed that a meeting in the immediate post Geneva breakdown atmosphere would be characterized by a bitter cold war debate in which the USA and Soviet Union would inevitably both become involved in reciprocal accusations and no repeat no real progress would be made. He thought that many of the smaller and middle powers would be most reluctant to be lined up in such a debate. In the circumstances he considered that it was essential that there should be a cooling off period after Geneva.

3. I pointed out that so far as Canada was concerned we were not repeat not concerned with a propaganda debate in the Disarmament Commission but as our record in Geneva showed in furthering substantive measures of disarmament that we would approach the Disarmament

Commission meeting in this spirit. The Secretary-General replied that he had never doubted that this would be the Canadian position.

4. Turning to the question of the composition of any future body dealing with disarmament, Mr. Hammarskjöld expressed the view that we should return to the principle of a subcommittee of the UN. If the Ten Power group had been a UN body, the Soviet walkout would have had no repeat no effect on the continued existence of the body in question but would have been similar to Soviet walkout from the Security Council. A UN body would have continuous legal existence. He said he therefore thought there was a case for considering the creation of a new subcommittee of the UN although its composition would not repeat not be on the five-five basis of the Geneva group, but would have additional membership.

[C.S.A.] RITCHIE

86. H.C.G./Vol. 8

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 1689 Washington, July 1, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: Your Tel V-411 Jun 30.

Repeat NATO Paris, Paris, London, DisarmDel (OpImmediate), Bonn, Rome (OpImmediate) from Ottawa, CCOS (Waldock) Ottawa (OpImmediate) from Ottawa (Information).

CONVENING THE DISARMAMENT COMMISSION

The representatives of the Western Five disarmament missions met at the State Department at noon today with Wilcox and other officials. Wilcox began by saying that since our last meeting on Monday the Department had given additional thought to the question of convening the Disarmament Commission. This re-examination had taken place in the light of the reports received from the Permanent Representative in New York, the French Ambassador's approach of yesterday in which he had expressed serious reservations on the course of conduct proposed, and the Secretary-General's comments at yesterday's press conference. In addition Cabot Lodge had met yesterday with the Secretary and other senior officials (including Bohlen and Kohler) for a review of the problem. As a result of these various elements and having in mind that the Five Powers have not repeat not yet hammered out a agreed Western position, the State Department now considered that a decision on convening the Disarmament Commission should not repeat not be taken at this time, but that as a first step the Western Powers ought to seek their objectives through diplomatic channels. In particular they should proceed with their replies to the Khrushchev letters, reiterate in these replies their preparedness to continue to negotiate and see what response these replies bring. In the light of this, it would then be desirable to review the position in Washington to see what further steps are possible and desirable.

2. I used the arguments set out in your telegram to Permis New York under reference as well as those in your earlier message 3400 June 28† to make the case in detail for an earlier convening of the Disarmament Commission on the lines of the original USA proposal. Our position was given full support by UK Embassy representative who said that UK views were identical to those we had outlined. Lord Hood said that the Western Powers would give the

appearance of indefiniteness if an early initiative in the Disarmament Commission which was the logical forum were not repeat not taken. There were risks in any course, but on balance, a debate in the Disarmament Commission carried less risk than for example a debate in the Security Council. The smaller countries in the Commission would be unable to argue that the Ten Powers had monopolized the disarmament problem. If action could be taken quickly UK position was still to support the original American proposal.

3. The French Embassy representative recited the arguments which Alphand had put to the Secretary yesterday. In the French view the risks of the proposed course outweigh its advantages. It was impossible to estimate what ultimate action an 82-member forum might endorse, and it was by no repeat no means clear that the Ten-Power negotiating group would emerge unchanged. Secondly, on substance there was a real danger that in the absence of a common plan, divergences of views on the Western side would be swiftly exposed. Further the reaction of the smaller and uncommitted countries could not repeat not be predicted. The propaganda position of the West was already strong and there was doubt whether a debate in the Disarmament Commission would strengthen it. The Italian representative said his government had accepted the original proposal but in the light of reports received over the last day or two now saw some serious drawbacks. He therefore kept the Italian position open.

4. After some further discussion of these points Wilcox said that personally he found himself in a considerable measure of agreement with the view set forth in your message. He added however that there was evidence that their earlier concern lest one or other of the smaller powers should take the initiative in convening the Commission had proved unfounded. USA group had looked at alternative suggestions, for example, convening the Security Council, but had considered that this might engage some members of the Western Five on other issues, and in any event might ensue in a meeting of the wider Disarmament Commission. They had also been somewhat concerned about the question how far the Western Powers could get now into matters of substance in view of the present lack of Western agreement. On this last point we emphasized (see your message 408 June 30)† the need for the Western Powers to continue their efforts to reach a united Western position, whatever final decisions on tactics may be reached. Wilcox concluded that they had not repeat not come to a final decision and that the question of further procedure should be reviewed collectively after the effect of the replies to the Khrushchev letters could be assessed. He also indicated (and this I believe is a significant point) that in his estimate the Soviets would not repeat not negotiate seriously on disarmament with USA over the next few months.

4. Wilcox said that in view of the positions taken he planned to report our discussion to the Secretary, and made the suggestion to which we gave support that the group might reconvene later today in the light of his discussion with the Secretary. On the basis of this meeting it seems clear that an early Five Power agreement cannot now be obtained to proceed to convene the Disarmament Commission, and that possible alternative courses must be examined in this light. We are sending a suggestion in an accompanying message.[69]

5. In the meantime the State Department hoped that any public or press comment on the position could be confined to indicating that consultations on possible action are still in process.

[SAUL] RAE

[69] Non retrouvé./Not found.

87. J.G.D./VI/806

Le président du Conseil des ministres de l'Union soviétique au premier ministre

Chairman, Council of Ministers of Soviet Union, to Prime Minister

[Moscow, July 23, 1960]

Unofficial translation

Dear Mr. Prime Minister,

I have attentively read your message of June 30, 1960 and I must tell you, that it has confirmed once again the correctness of the Soviet Government's decision to interrupt its participation in the work of the Ten Nation Committee on disarmament and to transfer the discussion of this subject, as well as of the situation obtaining in the Ten Nation Committee, for the consideration of the next session of the U.N. General Assembly.

Indeed your message actually repeats [the] usual assertions of the opponents of disarmament to the effect that the Soviet Union by its last actions allegedly wanted to create differences among the Western powers represented in the Ten Nation Committee. It is hardly necessary now to dwell once more on these assertions in detail, since the Soviet Government has never set itself such an objective and does not now.

And now some remarks to the point. By submitting its proposals of June 2, 1960, the Soviet Government stressed all the importance of the disarmament question after the proposed summit conference was broken down. That is why it decided to submit for the consideration of the Ten Nation Committee its new plan which to a great extent met the Western powers' wishes and, in particular, on such questions as the ban and elimination of all means of delivery of nuclear weapons to the target, maintenance of international peace under the conditions of general and complete disarmament, detailed outline of the provisions for establishment of international control, and others. Thus the Soviet Government hoped that this proposal would enable the Committee to put an end, as is stated in your message, to "the opening phases of the negotiations" and to proceed with its main task in a business-like way.

Unfortunately, these hopes of the Soviet Union have not been justified, and the Western powers in the Ten Nation Committee during almost the whole month were engaged not in concrete discussion of the new Soviet proposals on the basic provisions of a treaty on general and complete disarmament which were under its consideration, but — in fruitless logomachy which once again demonstrated their unwillingness to embark on a serious discussion of concrete problems of disarmament. Now attempts are being made to picture the matter in such a way as if the Soviet Union desired to avoid discussing the proposals which were put forward by the American representative on June 27 after the termination of the work of the Ten Nation Committee. Since however these proposals are mentioned, let us dwell on them to a certain extent.

The first reading of the American document which is presented under a pretentious title as "The program of general and complete disarmament under effective international control" shows that these "new" proposals are actually the old proposals of the Western powers of March 16 slightly revised, the perversity and unacceptability of which were already proved at the very first stage of the work of the Ten Nation Committee in March-April of this year.

Indeed in the American plan as well as in the proposals of the Western powers of March 16 all the attention just from the first stage is concentrated on establishing broad measures of

control without implementing any disarmament measures, and the question is confined to concluding an agreement only on this first stage.

These proposals provide neither the abolishment of means of delivery of nuclear weapons to target, nor the ban of these weapons. Nor do they contain provisions for dismantling foreign military bases on the territories of other states or for withdrawing foreign troops from these territories.

Making no suggestions on any reduction of armed forces at the first stage the USA at the same time is seeking to bring under foreign control all the armed forces and armaments of the USSR and other states.[70] However this is nothing but an intention to implement collecting espionage data under the disguise of international control to which, it goes without saying, no state taking care of its security can agree.

Instead of real reduction and elimination of armaments the United States proposes to place in stores located on the own territories of states, certain amounts of armaments under the supervision of international controllers. But is it not clear to everybody that a state which would wish to use these weapons for aggressive purposes, could at any time remove the controllers, take the weapons from the stores and put them to action?

Nor is of any practical importance for settling the problem of banning nuclear weapons the proposal to stop the production of fissionable materials for military purposes. It is known to everybody that so many supplies of atomic and hydrogen weapons have been accumulated by now that they are sufficient for destroying whole states. Therefore the implementation of this measure would in no way remove the threat of unleashing a new war by the aggressor, particularly if one takes into account that it is easy to hide the nuclear weapons and nuclear materials produced even if an attempt were made to disclose them.[71]

As to measures for disarmament which are provided for for the second and third stages of the disarmament program, the American plan is so prepared that their implementation will be out of question at all, since no concrete terms of their realization are indicated, while transition from the first stage of disarmament to the second and third ones is made dependant on the fulfilment of a number of additional conditions.

Thus, it is becoming absolutely clear that these so called new American proposals do not pursue objectives of real disarmament, and for that reason, they could not, using your words, "bring new life into the negotiations." Taking into account the experience of many years of negotiations on disarmament and contents of the American proposals in question we can state with all ground that these proposals represent another attempt to deceive the world public opinion and to make it easier for the partisans of the armaments race to continue the accumulation of armaments with all dangerous consequences to follow.

In your message you refer to the statement of the Canadian representative in the Ten Nation Committee of June 24, 1960 when, according to your words, the Canadian delegation put forward detailed suggestions designed to bring the Ten Nations Committee "to grips with the task of real negotiations."[72] Thus you admit yourself that up to June 24 the Ten Nation Committee was not engaged in real negotiations on disarmament. But this was the very reason for which the Soviet Union interrupted its participation in the work of the Ten Nation Committee and suggested that the discussion of the whole subject of disarmament and the

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[70] Note marginale :/Marginal note:
Defined as international. [J.G. Diefenbaker]

[71] Note marginale :/Marginal note:
That is a pretty good argument for full control and inspection. [J.G. Diefenbaker]

[72] Note marginale :/Marginal note:
Canada. [J.G. Diefenbaker]

situation obtained in the Ten Nation Committee should be transferred to the next session of the U.N. General Assembly. As to the suggestions put forward by the Canadian representative he himself stated in the Committee that they only dealt with the method of conducting negotiations, that is, in other words, they are of procedure nature. Instead of proceeding with concrete discussion of the new Soviet proposals the Canadian representative in the Ten Nation Committee spoke in very dim terms on the subject of "balanced concessions,"[73] thus diverting the Committee still further from practical negotiations on the substance of the new Soviet plan. For one can not replace real negotiations on disarmament with an endless discussion on methods of conducting them.

The Soviet Government, which in the course of the whole work of the Ten Nation Committee has been patiently and persistently striving to conduct real negotiations on disarmament, was forced to state that the Western powers do not want serious negotiations, but try to use the Committee for deceiving the peoples. Under these conditions the work of the Ten Nation Committee could not be continued. Taking this into account the Soviet Government being forced under such circumstances to interrupt its participation in the work of the Committee, moved forward a proposal to discuss at the next session of the U.N. General Assembly the question of disarmament and of the situation which was obtained with regard to the implementation of the U.N. General Assembly resolution of November 20, 1959 on this matter. Apparently at the same time the question will arise of the composition of the Committee and of bringing into the negotiations, in the interests of the work, other states besides those represented in the Ten Nation Committee.

The Soviet Government expresses its conviction that the discussion of the disarmament question at the coming session of the U.N. General Assembly, that is at the forum that has passed the resolution on general and complete disarmaments, will facilitate the positive solution of the problem of disarmament.

The Soviet Government continues to attach a paramount importance to the problem of disarmament and will do its best to achieve a positive solution of this problem. I should like to believe that Canada which should be interested in achieving an agreement on disarmament no less than the Soviet Union, will make a real contribution to the settlement of this urgent problem.

Respectfully,
N. KHRUSHCHEV

88. DEA/50271-A-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 1023 New York, July 26, 1960

UNCLASSIFIED. OPIMMEDIATE.

Reference: NATO Paris Tel 1994 Jul 25.†

Repeat Washington (OpImmediate), Paris, NATO Paris, DisarmDel (OpImmediate), London, Bonn, Rome from Ottawa, CCOS (Waldock) Ottawa from Ottawa (Information).

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[73] Note marginale :/Marginal note: Canada. [J.G. Diefenbaker].

DISARMAMENT

Following is text of letter dated July 25 from Canadian Permanent Representative to Chairman of the UN Disarmament Commission.

I have the honour, on instructions from the Canadian Government, to express the following views in support of an early meeting of the UN Disarmament Commission.

In light of the importance which my government attaches to the pursuit of disarmament negotiations, it was profoundly distressed when the work of the Ten-Nation Disarmament Committee was unexpectedly suspended at a moment when the two sides seemed to be moving toward one another. Having in mind Assembly Resolutions 1378 (XIV) of November 20, 1959 and 1403 (XIV) of November 21, 1959 and the Security Council Resolution of May 27, 1960 and consistent with Canada's full recognition of the primary responsibility of the UN in the disarmament field, Canada is firmly of the opinion that the Disarmament Commission should convene.

It is my understanding that a formal request for an early meeting of the commission has already been sent to you.[74] I simply wish, on behalf of the Canadian Government, to assure you of our earnest hope that the Commission will be able to give a much needed stimulus to negotiations which are far too important to be allowed to falter at this time.

As the body exercising the responsibilities of the UN in this field, it is appropriate and desirable that the Commission be fully apprised of the present delay in negotiations in order that it may have the opportunity of expressing itself on the procedural situation and of exercising its influence in favour of the earliest possible resolution of the Geneva talks.

Accept, Sir, the renewed assurances of my highest consideration.

89. DEA/50271-A-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to United Nations

TELEGRAM V-511 Ottawa, August 3, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: Your 1061 of July 29.†

Repeat NATO Paris, Paris, Washington, London, DisarmDel, Bonn, Rome, CCOS Ottawa (Waldock) (Information).

DISARMAMENT: U.N. DISARMAMENT COMMISSION MEETING

Please reply to Nervo's letter and say that the Canadian Government supports the proposal for a meeting of the Disarmament Commission on August 15, as indeed was suggested in the letter of July 25 to Nervo.

2. As to the second point in Nervo's letter, please state that the name of the Canadian representative to the meeting will be communicated separately.[75]

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[74] La demande a été envoyée par le représentant permanent américain. Voir United States, Department of State, *Documents on Disarmament 1960* (Washington: Government Printing Office, 1961), pp. 166 à 167.
The request was sent by the American permanent representative. See United States, Department of State, *Documents on Disarmament 1960* (Washington: Government Printing Office, 1961), pp. 166-67.

[75] Green représentait le Canada à la réunion./Green represented Canada at the meeting.

90. DEA/50271-A-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 1148 New York, August 9, 1960

CONFIDENTIAL. CANADIAN EYES ONLY. OPIMMEDIATE.

Reference: Your Tel V-530 Aug 8.†

Repeat DisarmDel, Washington, London, Paris, NATO Paris, Bonn, Rome from Ottawa, CCOS (Waldock) from Ottawa (Information).

DISARMAMENT COMMISSION

I called on Padilla Nervo this afternoon. He informed us that he had decided to call a meeting of the Disarmament Commission for the afternoon of August 16th and that he will address a letter to this effect to the Secretary-General tonight. He said that he had already received either by letter or orally 40 affirmative responses to his letter and that there were in addition several delegates which had indicated that while they would prefer a later date they would not repeat not oppose a meeting at this time if this was the majority wish. Padilla declined to express a firm opinion whether or not repeat not the Soviet bloc would attend the meeting, but thought it would be against their own interests not repeat not to under the circumstances.

2. Padilla said that during his consultations he had raised the question of the type of debate that should take place at the meeting and had found that the majority of those who were in favour of a meeting considered that the Commission should not repeat not address itself to the question of blame for the failure of the Ten Power negotiations but should concentrate on resumption of negotiations, leaving to the powers concerned the question of how and when the negotiations should be renewed. The majority also considered that the Commission should not repeat not take any decision concerning the relative merits of the Eastern and Western disarmament plans, discussion of which should be left aside until the UNGA.

3. With a view to channelling the discussion along these lines consideration was being given to the presentation at an early stage by a large number of sponsors not repeat not represented on the Ten-Nation Committee of a resolution which would take note of the negotiations in Geneva and of the declarations of Heads of Governments to the effect that they continued to be in favour of the objective of disarmament, would transmit the records of the 10-Nation Committee to the UNGA and would request the powers concerned to renew their negotiations in whatever way they thought appropriate.

4. We are sending in a separate telegram† the text of a draft resolution along these lines which we understand from Australian sources has been shown to the State Department by UAR. According to Australian Embassy in Washington this draft is acceptable to the State Department.

91. DEA/50271-A-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to United Nations

TELEGRAM V-519 Ottawa, August 11, 1960

CONFIDENTIAL. OPIMMEDIATE.

Repeat NATO Paris, Paris, Washington, London, DisarmDel, Bonn, Rome, CCOS Ottawa (Waldock) (Information).

MEETING OF THE DISARMAMENT COMMISSION: INSTRUCTIONS

The following are the instructions for the Canadian delegation to the Disarmament Commission. These are being sent to you now because the arguments may be useful to you in consultations within the Five and in discussions with other delegations, particularly the uncommitted group.

2. First, so far as the Canadian authorities are concerned, the sole purpose of a meeting is to encourage a resumption of negotiations, and this means avoiding condemnation recriminations and propaganda.

3. You have received comments on the U.S. draft resolution (our telegram V-510 of August 2).† This draft is sufficiently low-keyed to be a useful demonstration that the West's purpose is not to make propaganda, as the Soviets are encouraging the uncommitted to fear. It might therefore be useful if the Five agreed to show their text before the meeting to a few key neutrals, starting perhaps with the Swedes. There would be no particular virtue in having a Western resolution as such. A resolution sponsored by the uncommitted states would be more satisfactory, in the Canadian view, so long as it made the main point about the importance of resuming negotiations. Perhaps through advance consultation with the Five, the leading uncommitted delegations could produce an agreed draft resolution which they could put forward and which the West would support.

4. Second, as to the question of the composition of the negotiating body, the Canadian view is that, since the negotiations need never have been interrupted in the first place, therefore, when they are resumed, the resumption should take place in the Ten Nation Committee. This would be our first position. We hope it will be unnecessary to go farther in the Disarmament Commission. For your own private information, and for the information of the Five if the question is raised again, the line of our thinking about possible changes in the composition of the negotiating body has been to prefer the least possible change. Thus, if changes have to be accepted, our preference would be for the Ten Nation Committee with the addition of a neutral chairman possibly nominated by the Secretary-General.

5. This arrangement would produce more orderly procedures in the Ten Nation Committee which would facilitate the process of negotiation. At the same time, the "sides" concept would be preserved. One of the most important advantages of the composition of the Ten Nation Committee is that it permits the two most important military blocs in the world to confront each other, and to make a start on developing patterns for disarmament. We do not believe that the process of negotiation in this sense would be made easier by the introduction of a neutral element into the composition of the negotiating body, which would then constitute a completely different approach to the question of how best to negotiate disarmament from the one implied by the composition of the Ten Nation Committee.

6. Third, as to the substance of the disarmament question, a commission of all the members of the United Nations is obviously not suitable for negotiation. Furthermore, we doubt if the uncommitted delegations will wish to speak in favour either of the United States or Soviet plans, which we do not imagine they will have studied in any detail. If they have compromises or additional suggestions to propose, they will probably prefer to save these for the Assembly. Therefore, substance in our view is unlikely to be touched on except by way of illustration. So far as we are concerned, we will refer to the proceedings of the Ten Nation Disarmament Committee only for the purpose of indicating that progress had in fact been made and that there was no valid reason arising out of the negotiations in the Ten Nation Committee for interrupting its proceedings.

[H.C.] GREEN

92. DEA/50271-A-40

Le représentant auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 1212 New York, August 17, 1960

CONFIDENTIAL. OPIMMEDIATE.

Repeat DisarmDel, London, Washington, NATO Paris, Paris, Bonn, Rome from Ottawa, CCOS (Waldock) Ottawa from Ottawa (Information).

DISARMAMENT COMMISSION MEETING

The following is the text of a draft resolution submitted by Ecuador, India, Mexico, Sweden, UAR and Yugoslavia: Text Begins:

RECALLING resolution of September 10, 1959, noting with regret that these negotiations have not repeat not yielded positive results,

REAFFIRMING the continuing and ultimate responsibility of the UN in the field of disarmament,

TAKING INTO ACCOUNT Resolution 1378 (XIV) adopted unanimously by the General Assembly on November 20, 1959,

(1) RECOMMENDS to the 15th Session of the General Assembly to give earnest consideration to the question of disarmament.

(2) CONSIDERS it necessary, in view of the urgency of the problem, that continued efforts be made to achieve a constructive solution of the question of general and complete disarmament under effective international control.

(3) RECOMMENDS to the General Assembly that the Disarmament Commission as set up in General Assembly Resolution 1252 (XIII) should continue in being and be convened whenever necessary. Ends.

2. The following is the text of the proposed amendments to the Five Power draft resolution: Text Begins:

(1) Substitute the following for the second paragraph of the preamble: "noting with regret that these negotiations have not repeat not as yet yielded sufficiently positive results,"

(2) Renumber the second operative paragraph as number 1 and substitute the words "the negotiations be resumed at once" for the words "continued efforts be made."

(3) Renumber the first operative paragraph as number 2 and substitute the following:

"2. Recommends in addition that the Fifteenth Session of the General Assembly give earnest consideration to the question of disarmament." Ends.

93. DEA/50271-A-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 1219 New York, August 18, 1960

CONFIDENTIAL. OPIMMEDIATE.

Repeat Geneva, London, Washington, NATO Paris, Paris, Bonn, Rome from Ottawa, CCOS (Waldock) from Ottawa (Information).

DISARMAMENT COMMISSION

On August 17 we met with the representatives of the Six Powers co-sponsoring the draft resolution, contained in our telegram 1212 August 17, which has now been distributed as document DC/180. The purpose of the meeting was to try to work out a text acceptable to the Six and ourselves. Indians had taken the initiative in arranging the meeting.

2. The Minister expressed his misgivings about the Six-Power text. He emphasized that the situation arising out of the interruption of the work of the Ten Nation Committee was serious and that it was up to the Disarmament Commission to express concern and specifically to issue a clear call for the resumption of negotiations. All six representatives agreed about the seriousness of the situation but Jha, who took the lead in the discussion, pointed out that the Six-Power text was based on two main considerations: (a) that the UNGA would meet soon to discuss disarmament fully and (b) that the Six wished to avoid casting reflection on either side in the Ten Power negotiations. As well, they wished to keep the Assembly role open especially since there might be a question of reconstituting a negotiating body. However, it was not repeat not their purpose to bar negotiations either before or during the Assembly; this was the intent of their second operative paragraph.

3. The Minister underlined the need to bring USA and USSR together again and that the non-nuclear powers must give a lead. Nothing would be accomplished if the Commission did not repeat not express itself clearly on the subject of resuming negotiations. The Six Power operative paragraphs would be interpreted mostly as a mere reference of the whole problem to the Assembly. He also explained in rather specific terms the kind of improvement which we thought the text needed.

4. The discussion was about three points: (a) the reversing of the order of the operative paragraphs 1 and 2; (b) the strengthening of paragraph 2 by adding a reference to "negotiations;" and (c) by amending the second preambular paragraph to read "have not repeat not as yet yielded sufficiently positive results." The Six were disposed to strengthen the second operative paragraph after "necessary" by inserting "keeping in mind the urgency of the problem that continued efforts be made with a view to further negotiations to achieve etc..." agreement could not repeat not be reached, however, on a rewording of the second preambular paragraph. The Six were prepared to try to persuade USSR to reverse the order of the two operative paragraphs.

5. Later they reported (a) that USSR would accept the rewording of the second operative paragraph but not repeat not the reversing of the order. It seemed as well that USSR would take "expected" rather than "positive" in the second preambular paragraph. However, the

condition for all this was to add "at the highest level" to the first operative paragraph which tended to offset any of the advantages gained.

6. We then met with the Western Four to report on our discussions with the six co-sponsors. We also discussed our proposed amendments. The Four were unanimously agreed that the texts offered by the Six were unacceptable and that Canadian amendments were greatly preferred. Eventually it was agreed that we should proceed with the amendments with the deletion of the word "the" for negotiations in the second amendment. In the evening, however, when it became known that we were preparing to submit the amendment, the six co-sponsors became involved in consultations with USA and UK about a further strengthening of the Six Power text. USSR is being consulted at each stage by the Six, whose main aim is to arrive at a draft resolution acceptable to both sides. This manoeuvring may continue tomorrow but it seems unlikely to produce satisfactory results. In any case we are prepared to submit the draft amendments at this morning's session of the Commission. Unless more speakers come forward, the proceedings could be completed by this afternoon, although the efforts to evolve a compromise text could delay matters.

94. DEA/50271-A-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 1223 New York, August 18, 1960

CONFIDENTIAL. OPIMMEDIATE.

Repeat Geneva, London, Washington, NATO Paris, Paris, Bonn, Rome from Ottawa, CCOS (Waldock) from Ottawa (Information).

DISARMAMENT COMMISSION

Although late last evening additional efforts were made to strengthen the Six-Power text, agreement could not repeat not be reached on a formulation acceptable to East and West. Accordingly, the Minister decided to submit the Canadian amendment which has been transmitted to you. This was done with concurrence with the Western Four whom we met before the meeting. The six co-sponsors were considerably agitated by this move and they have set about revising their own text. The revision has been submitted to the Secretariat and will no repeat no doubt involve additional consultation and manoeuvring. If the revision does not repeat not represent a sufficient improvement in the Six-Power draft resolution, there may be some need to submit a revised amendment.

2. The Minister formally introduced the draft amendment (DC/181) with a brief statement explaining Canadian reasons for doing so.[76] The text is contained in a separate telegram.†

[76] Voir/See Canada, Department of External Affairs, *Statements and Speeches 1960*, No. 60/31.

95.

DEA/50271-A-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 1236 New York, August 18, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: Our Tel 12[2]3 Aug 18.

Repeat Geneva, NATO Paris, Paris, Washington, London, Bonn, Rome from Ottawa, CCOS (Waldock) from Ottawa (Information).

DISARMAMENT COMMISSION — 70TH MEETING

At this afternoons meeting the representative of Ecuador introduced revised version of the Six Power resolution, the text of which is given in our telegram 1237.† Speaking after the representative of Ecuador, the Minister noted that the revised version went a long way to meet the reservations expressed in the Canadian amendment to the previous draft but he again emphasized the desirability of reversing the order of operative paragraphs one and two to place the importance of continuing negotiations in its proper perspective. Text of the Minister's statement is given in our telegram 1238.†

2. In introducing the revised Six Power draft resolution the representative of Ecuador said that at this time the main purpose of the Disarmament Commission should be to provide the moral backing for a return to mutual understanding among the Great Powers. While the time did not repeat not appear ripe at the present moment, when there was still a great deal of mistrust among them, he hoped that it would be possible for them to resume negotiations at an early date. In the circumstances the best way of achieving the results desired by members of the Commission would be to adopt a unanimous resolution which would help to "revitalize efforts" towards disarmament.

3. The Pakistani representative stated that his delegation had approved the convening of the Disarmament Commission and believed that it would not repeat not have been proper to have denied any member of the Ten Nation Committee the right to report on the breakdown of negotiations in Geneva. He said that the difficulties there had been caused as much by mistrust among the Great Powers as by differences in their position on specific questions of disarmament, and he argued that the Commission would have served a useful purpose if it contributed to the relaxation of this tension. Commenting on the substance of the plans put forward by the two sides, he said that the obvious solution to some of the differences between them was "balanced concessions" by each side to the others views. It would also be important, as Indonesian representative had already pointed out, to seek for agreement on partial measures which could in turn lead to wider agreement. In conclusion he again stressed the urgent need for action on disarmament and appealed to the Great Powers to make a start.

4. The Greek representative said that his delegation thought the work of the UNGA would be facilitated by an examination of disarmament questions in the Commission. He did not repeat not agree with other speakers who had said that the Commission should not repeat not deal with matters of substance, and he then went on to outline Greek views on several principles which they considered as prerequisites to successful disarmament negotiations. Although they would have preferred a resolution reflecting a substantive discussion in the Commission, they did not repeat not find anything in the revised Six Power draft which was objectionable.

However they agreed with the Canadian view that the importance of a speedy resumption of negotiations should be stressed.

5. The representative of Iraq said that he thought it would have been preferable to await the UNGA for a discussion of disarmament. However, he thought that the Commission meeting had been useful in clarifying certain of the problems involved. He hoped that further discussion during the Assembly would assist renewed efforts toward reaching agreement, and he believed that it would be unwise for the Commission to do anything which would prejudice discussions there. Hence he could not repeat not support the Canadian request for a reversal of the operative paragraphs to place an emphasis on the immediate resumption of negotiations.

6. The Indian representative then intervened briefly to appeal to the members of the Commission to give their unanimous approval to the revised Six Power resolution. He said that the resolution might not repeat not be the ideal one, but it was well balanced, based on compromise and the only one which had any chance of receiving unanimous approval. He therefore expressed the hope that the Canadian delegation would not repeat not press their request for a reversal of operative paragraphs one and two. The Mexican representative also spoke very briefly in this sense after the conclusion of the Indian representative's statement.

7. The Swedish representative regretted the decision of the Eastern delegations to break off the Geneva talks, but she said that members should not repeat not allow themselves to be discouraged. Although the broader aspects of disarmament were the concern of all states (including the People's Republic of China) she believed that discussions of disarmament should be continued in a small negotiating group and that technical discussions at a working level would be desirable. In concluding her statement she appealed to all members of the Commission to vote in favour of the revised Six Power resolution.

8. The delegate of Ceylon said that they believed the UN must exercise every possible influence in promoting disarmament, since the subject was not repeat not one which was the exclusive concern of the Great Powers. He suggested that on way of breaking the existing deadlock might be for a group of nations not repeat not closely associated with either Great Power to work out as a first step the broad areas of agreement on disarmament questions. Their conclusions might then be discussed by the Ten Nation Committee and through it, by the Disarmament Commission.

9. The representative of Ceylon having been the last speaker in the Debate, the representative of Ecuador intervened briefly before the vote on the draft resolution to suggest a further compromise. He argued that in the minds of the sponsors the numbering of the operative paragraphs had not repeat not been intended to assign special priorities or emphasize the importance of the work of the General Assembly as against that of renewed negotiations. In order to make this point clear to all delegations he suggested that the operative paragraphs should not repeat not be numbered, a compromise which he understood was satisfactory to Canada. The Minister intervened to say that this suggestion was acceptable to the Canadian delegation.

10. Nervo then said that he assumed there were now no repeat no objections to the draft Six Power resolution and that unless there were any delegations who wished to express themselves to the contrary he would take it that the resolution was adopted unanimously. No repeat no objections were raised.

11. After the vote, Lodge spoke briefly to say that USA delegation had asked for the Commission to be called in order to stress the urgency of disarmament negotiations, and they had been more than satisfied with what had been accomplished during the meetings. He was followed by the representative of USSR who said that he had voted for the resolution because it called for serious consideration to be given to the question of disarmament at the General Assembly, and because it again recommended that there should be renewed efforts to achieve

general and complete disarmament. At the same time, he noted that there had been no repeat no mention in the resolution of the participation of Heads of Government at the UNGA, and he expressed the hope that delegations would approach the question of disarmament at the forthcoming session with all seriousness and that they would be represented there by the Heads of their governments.

12. Nervo concluded the meeting with an expression of satisfaction that delegations had recognized the need for continued negotiations and that a resolution stating this fact had been unanimously adopted.[77]

SECTION D

QUINZIÈME SESSION DE L'ASSEMBLÉE GÉNÉRALE
FIFTEENTH SESSION OF THE GENERAL ASSEMBLY

SUBDIVISION I/SUB-SECTION I

INSTRUCTIONS À LA DÉLÉGATION CANADIENNE
INSTRUCTIONS TO THE CANADIAN DELEGATION

96. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 296-60 [Ottawa], September 16, 1960
SECRET

INSTRUCTIONS FOR THE CANADIAN DELEGATION
TO THE FIFTEENTH SESSION OF THE GENERAL ASSEMBLY OF THE UNITED NATIONS

The fifteenth regular session of the United Nations General Assembly opens on September 20 with an agenda of some 85 items. This memorandum contains suggested lines of policy to be followed by the Canadian Delegation, with particular reference to a number of the more specific questions likely to arise. In accordance with past practice, supplementary instructions will be sent to the Delegation on special issues encountered during the session.

2. Recent months have seen not only a serious deterioration in international relations, but also a disturbing resort to extreme language, irritability and rocket rattling on the part of some countries. This tendency towards increasing tension is expected to colour the work of the Assembly and, of course, presents a grave challenge to the prestige and authority of the United Nations. It is now, perhaps more than ever before, imperative to recall the high purposes and

[77] À l'Assemblée générale des Nations Unies, le Canada a rédigé et co-parrainé une résolution sur le désarmement. Elle a été reportée aux fins de décision à la reprise de la quinzième Session, en 1961. Pour le texte de l'avant-projet de résolution et la déclaration de Green à ce sujet, voir « Les Nations Unies et le désarmament », *Affaires Extérieures*, vol. 12, nº 11 (novembre 1960), pp. 844 à 849.
At the United Nations General Assembly, Canada drafted and co-sponsored a resolution on disarmament. It was held over for decision at the resumed fifteenth session in 1961. For the text of the draft resolution and Green's statement concerning it, see "The United Nations and Disarmament," *External Affairs*, Vol. 12, No. 11 (November 1960), pp. 840-846.

principles of the organization. It is especially desirable for the Canadian Delegation to stress Canada's strong support for the United Nations and the continued conviction of the Canadian Government that despite its defects and limitations the organization has an indispensable role to play in maintaining peace. The Delegation should, moreover, be alert to seize every opportunity that may be presented to encourage an improvement in the conduct of relations between Eastern and Western countries and to promote understanding between the latter and the countries of Asia and Africa. In regard to the usual quota of Eastern-inspired propaganda items, the Delegation should work for resolutions calling for the peaceful settlement of international disputes and practical progress towards the economic and social well-being of the member countries.

Disarmament

3. Canada continues to regard disarmament as the most important issue facing the world. Because it affects the interests of all nations and because the Charter makes provision for it, Canadian policy has constantly maintained the ultimate responsibility of the United Nations in the disarmament field. However, at this juncture the hard fact is that no meaningful steps towards agreement on disarmament under effective international control can be achieved except in serious negotiation between the representatives of the two great military alignments.

4. Although we share the disappointment that the negotiations called for in General Assembly Resolution 1378 (XIV) have been interrupted, we remain convinced that negotiations between the two sides offer the only real hope of achieving solid agreement. The progress made in Geneva, while much less than world opinion hoped for, nevertheless justifies faith in the potential value of the Ten Nation Committee. In present circumstances a multilateral group or a subcommittee under United Nations auspices would not be as effective a negotiating body. The Delegation, therefore, should work for the earliest possible resumption of negotiations in the Ten Nation Committee.

5. Accordingly, the Canadian Delegation should as well seek to neutralize the expected initiative of the uncommitted countries and the Soviet bloc in favour of a new negotiating forum. This might be accomplished by suggesting in *response* to any substantial support for a new United Nations body that the United Nations be given the task of studying specific technical problems within the disarmament field to facilitate the political negotiations in the Ten Nation Committee. This would involve the establishment of a sub-committee or sub-committees of technical experts under the aegis of the United Nations Disarmament Commission who would conduct studies and make recommendations to the ten negotiating countries. If it should become clear that the USSR refuse to continue in the Ten Nation Committee, a broad measure of support for the creation of a new negotiating forum within the United Nations may develop. Should the majority favour this course the Delegation may acquiesce on the grounds that in the circumstances there seems to be no other way of dealing with the urgent problem of disarmament.

6. In whatever direction the discussion may lead, the Delegation should maintain a vigilant defence of the principles of effective international control; of a balanced, phased programme; and that no state or group of countries will be put at a military disadvantage by reason of adherence to a disarmament programme or implementation of a disarmament measure.

7. With regard to the Irish item concerning the wider dissemination of nuclear weapons, the Delegation should base its substantive position on the fact that the Canadian Government has no intention of lowering its defensive guard pending the promise of satisfactory progress towards disarmament. The ultimate tactical position adopted in regard to specific proposals in this area will depend on the text of the proposals and on the extent to which they can be regarded as procedural.

8. Proposals relating to nuclear test explosions should be approached in the light of the Government's clear position of opposition to their resumption.

Elections to Assembly Offices

9. Canada has indicated its support for Mr. Boland of Ireland as President of the session, and is itself seeking election for one of the vice-presidencies. In respect of the other elective offices, the Delegation will be guided by the relevant provisions of the Charter respecting the equitable sharing of positions on a geographic basis and the wishes of countries with specially close ties with Canada.

Elections to the Security Council

10. The Governments of Chile, Portugal and the United Arab Republic have been informed of Canadian support for their candidatures. In addition to voting for these countries, the Delegation should support Turkey in the formality of electing that country to replace Poland, which will be resigning its seat in accordance with the compromise arrangement reached at the fourteenth session. The Delegation may depart from its position as regards Portugal should that country's candidature give rise to unforseen developments of a significant character.

Elections to the Economic and Social Council

11. Seven candidates have emerged for the six seats coming up for election to ECOSOC: China, France, El Salvador, Uruguay, Belgium, Ethiopia and Jordan. No difficulty is expected in the re-election of France or the election of the agreed candidates for the Latin American seats. Some opposition may develop to China's re-election but it is expected that the Great Power convention in these elections will be maintained. Belgium may run into heavy opposition because of developments in the Congo and an effort may be made to displace it by the unsuccessful candidate for the Sudan seat (either Ethiopia or Jordan). There is no reason, however, for Canada to modify its support for Belgium. The Ghana candidature which Canada had decided to support has been withdrawn and no assessment of the relative strength of the remaining candidates, Ethiopia and Jordan, has yet been possible. The Canadian Delegation should support China, France, El Salvador, Uruguay and Belgium, and exercise its discretion in voting for whichever candidate for the Sudan seat (Ethiopia or Jordan) it appears will be more acceptable to the Assembly.

Chinese Representation

12. The attempt to unseat the Nationalist Chinese Delegation in favour of one representing the Communist Government on the mainland has been made at every General Assembly session since 1950. This year the Soviet Union has submitted the relevant item instead of India, which in existing circumstances is apparently not disposed to offer this degree of support to the Peking régime. The Delegation should vote in favour of the usual "moratorium" resolution postponing consideration of this matter for a fixed period of time. It should also vote to accept the credentials of the Delegation of the Republic of China if they are challenged.

Tibet

13. In 1959 the Canadian Delegation worked for and supported a resolution condemning Chinese Communist action in Tibet on the basis of a violation of human rights. In order to avoid a situation in which most of Communist China's neighbours would oppose any resolution and thus in effect endorse her actions, it was considered that the resolution should be moderate, emphasize human rights and avoid political judgments about the international status of Tibet. The Delegation should maintain this attitude at the forthcoming session.

Hungary

14. It is likely that the debate on Hungary will concentrate more than in 1959 on the general theme of the Soviet Union's failure to respect United Nations resolutions, especially as, in contrast to last year, there is no specific new evidence of repression to illustrate the West's concern with the Hungarian situation. It may be also that in the expected tense atmosphere at the Assembly the Hungarian debate will become an occasion for general Western condemnation of Soviet policies. The Canadian Delegation should support a Western resolution on Hungary which is cast in terms similar to those used at the last session and which provides for the continuation of United Nations' interest in the Hungarian situation.

Hungarian Credentials

15. It is expected that, as at all General Assembly sessions since 1956, a proposal will be made to take no decision as to the acceptability of the credentials of the Hungarian Delegation. This move is intended to reflect the reservations many member nations have about the legitimacy of the Kadar government, although it does not inhibit the Hungarian representatives from participating in debates and voting on Assembly resolutions. Once again the Delegation should support the "no decision" formula.

Algeria

16. Indications are that the debate on Algeria will be more difficult than it was at the fourteenth session. African members in increased numbers will be in full cry, especially since General de Gaulle has already taken the position that he will pay no heed to any resolution adopted by the General Assembly. The friends of France will no doubt find themselves in an extremely difficult position unless some progress is made outside the United Nations toward bringing the parties together. While this could not be described as a likelihood, it is nevertheless a reasonable possibility. However, the tactics to be employed by the French at the General Assembly are still unknown. In the light of the yet unknown factors bearing fundamentally on the Canadian attitude at the General Assembly, it is not yet possible to lay down specific policy guidance. Accordingly, before taking a position the Delegation should seek instructions when the situation has clarified.

Austrian Minority in Italy

17. Austria has formally proposed inscription of this item concerning the German-speaking minority in the South Tyrol. The Italians have indicated that they will oppose introduction of the dispute to the United Nations, favouring instead a direct reference to the International Court. Since we are not directly concerned in the merits of the dispute, a decision regarding the course we should follow in voting on inscription of the item presents some difficulties, as both disputants are friendly to Canada.

18. Traditionally, with a few rare exceptions, Canadian policy has followed a fairly liberal course as to inscription, based on the distinction between the right of the General Assembly to discuss a problem and its competence to render a decision. Accordingly, the Delegation should vote in favour of inscription, withholding judgment as to whether the dispute is appropriate for decision within the terms of the Charter pending a clearer exposition by the two parties of the substance of the dispute.

The Congo

19. Events have been moving so rapidly that it is very difficult to estimate how the Congo problem may affect the Assembly session. At the moment there is no agenda item providing specifically for a discussion of the political aspects. However, the question of financing the United Nations Operation in the Congo (ONUC) and the even more critical problem of establishing the economic viability of the new state are matters which will sooner or later need

to be faced. In the event of any discussion taking place on the Congo operation, it is recommended that the Delegation emphasize that it is essential for all member states of the United Nations to provide the broadest possible measure of material support for the United Nations Operation and for the Republic of Congo itself; and that it is in the interests of all to contribute to the reduction of regional or international tensions and to maintain the influence of the United Nations.

UNEF

20. A separate submission to Cabinet on the UNEF rebate question has been presented. When a policy decision has been made, instructions for the Delegation can be formulated on UNEF financing.

Aid to Economic Development

21. Cabinet has received for consideration a submission proposing Canadian aid to Commonwealth countries in Africa. Further submissions on economic development projects are in preparation. Decisions taken on these proposals will be incorporated in the Delegation's instructions.

Human Rights

22. The agenda for the Third Committee is brief but heavy. It comprises three texts, which the underdeveloped countries and a number of other countries regard as of fundamental importance, namely the Draft International Covenants on Human Rights, the Draft Convention and Draft Declaration on Freedom of Information and the Draft Declaration on the Right of Asylum. Of these three texts, it is expected that the priority will be given to the Draft International Covenants on Human Rights which were first introduced before the General Assembly for final drafting and adoption in 1954. Despite the great number of meetings which were devoted to this question in the Third Committee, little progress was achieved and the magnitude of the work still to be done is recognized. Canadian participation in the drafting work of the Third Committee has, so far, been without prejudice to the constitutional competence of the provinces and was based on the hope that a satisfactory federal clause be eventually included in the Covenants. It is uncertain whether the Covenants will ever reach the treaty stage. If they do, it is expected that they will assume the character of a declaration of principle, a written code of human rights, which will form part of the International Jurisprudence. Discussion on the Covenants will provide the Delegation with an opportunity to reassert, on the international plane, Canada's belief in the fundamental rights, freedom and liberties already encompassed in [the] recent Canadian Bill of Rights.

Contributions to Extra-Budgetary Funds

23. Submissions concerning the Special Fund and EPTA have been made separately, and a separate one on other extra-budgetary contributions is to be submitted. Decisions taken on these items will be incorporated in the instructions.

United States Aggressive Flights over the Soviet Union

24. The Soviet Union has asked for the inclusion of this item on the agenda and will doubtless put forward a draft resolution critical of the United States for permitting the U-2 and RB-47 flights. The United States or one of its allies may put forward a draft resolution calling for an impartial inquiry into the circumstances of the RB-47 incident, and it is possible that some neutral countries will seek acceptance of a draft resolution urging the two sides in the dispute to settle their differences and resume negotiations at a high level. The Canadian Delegation should seek to co-operate with other delegations to make debate on this item as short as possible. It should vote against any draft resolution critical of United States actions, but should consider supporting an appeal for an impartial inquiry into the RB-47 incident and a

neutrally sponsored draft resolution calling for resumed negotiations. The Delegation should consider whether at any time during the debate there would be advantage in drawing attention to the recent unauthorized overflight of Canadian territory by a Soviet aircraft.

Apartheid

25. It is impossible to say as yet whether the resolution proposed this year will be a tough one, resulting from the pressure of opinion in the many prospective new African member states, or a mild one similar to those of former years, which have obtained wide support. Canada is strongly opposed to the principle of apartheid. However, the possible international repercussions of a United Nations resolution of a harsh or punitive nature give rise to concern. Accordingly, if a vote is called on inscription of the item, the Delegation should vote in favour. The Delegation should not support without supplementary instructions any resolution condemnatory in tone or punitive in application. The Delegation should make known publicly Canada's abhorrence of racial discrimination. So far as possible the Delegation should seek additional specific instructions before casting any vote.

Treatment of Peoples of Indian or Indo-Pakistan Origin of South Africa

26. Since the issue is basically allied with that of apartheid, the same policy considerations for Canada would apply. The Delegation should: vote in favour of inscription should a vote be taken; vote against any proposal for economic sanctions or expulsion from the United Nations; abstain on any resolution condemning South Africa or any clause implying inclusion of the item on the agenda of a future session; vote in favour of a resolution recalling member states' Charter obligations and appealing generally for a revision of the Union's racial policies; recommend direct negotiations or reference to the International Court.

Southwest Africa

27. It is likely that African states will concentrate pressure on this item to force the Union of South Africa at least to respect the principles and purposes of the League of Nations Mandate and preferably to place the territory under the International Trusteeship System. The Union has recently indicated a willingness to negotiate under certain conditions with an *ad hoc* body of the United Nations. The Delegation should maintain Canada's opposition to apartheid by voting in favour of hearings of petitioners, or of moderate resolutions regretting the police actions at Windhoek which resulted in loss of life. However, the Delegation should abstain on resolutions recommending reference to the International Court, which would preclude further negotiations.

Admission of New Members

28. In accordance with Article 4 of the Charter the Security Council has recommended the admission of the following new members: Cameroun, Togo, Federation of Mali, Malagasy Republic, Congo, Somalia, Dahomey, Niger, Upper Volta, Ivory Coast, Gabon, Chad, Central African Republic, Republic of Congo, Cyprus. Since the recommendation concerning Mali, Senegal has seceded from the Federation and has applied for United Nations membership in its own name. At present, the other part of the Federation, Soudan, has not applied. The indications are that France will support separate applications but these will require Security Council action. Canada favours the admission of all new members recommended by the Security Council. The Delegation should, therefore, vote for the admission of all the states listed, including the two parts of the Mali Federation, when appropriate action has been taken by the Council. It is understood that Assembly action on the new members will be taken at the opening session of the General Assembly.

Recommendation

29. It is recommended that approval be given for the issuance of instructions to the Canadian Delegation in conformity with the policy lines indicated above.[78]

H.C. GREEN

SUBDIVISION II/SUB-SECTION II

LES DIRIGEANTS MONDIAUX À L'ASSEMBLÉE GÉNÉRALE
WORLD LEADERS AT THE GENERAL ASSEMBLY

97.

DEA/5475-DW-70-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to United Nations

TELEGRAM V-603 Ottawa, September 2, 1960

CONFIDENTIAL. OPIMMEDIATE.

Repeat Washington, London, Paris, NATO Paris, Canberra (OpImmediate) (Information).

15TH UNGA: ATTENDANCE BY HEADS OF GOVERNMENT

The press this morning features the announcement that Khrushchev will head USSR delegation to the 15th Session of UNGA. This is linked with the story that President Eisenhower will also attend to deliver a major speech in reply to Khrushchev. Reports from London and Paris indicate that further consideration is being given to whether Heads of Government would attend. It is believed that Soviet Bloc leaders will do so. Castro is described as a "likely joiner."

2. We are wondering what the response will be from the other geographical areas represented in UN. Even before Khrushchev's plans were firm President Nkrumah had indicated his intention of attending UNGA for a short time. It would be interesting to know whether other African-Asian and Latin American Heads of Government have similar intentions. We assume that you will continue to consult with your colleagues about the possibilities.

3. If there should be a wide-spread move on the part of Heads of Government to attend UNGA, it would give USSR a considerable propaganda advantage for having taken the initiative. We could expect as well that USSR would follow this up with further moves designed to maintain the initiative in the field of disarmament. There might be as well an extension of Soviet propaganda attacks on USA which began with U-2 incident. The net effect for UNGA would be a propaganda jamboree in which Western powers might find themselves on the defensive. Accordingly, there might be some advantage in trying to minimize the response to Khrushchev's initiative.

4. Canadian representatives in Washington, London and Paris and Canberra should seek from the appropriate authorities official reaction to Khrushchev move. Prime Minister is most anxious to have an early indication of the intentions of Prime Ministers Macmillan and Menzies. In London, as well, there may be some indication of the reaction of other Commonwealth governments.

[78] Approuvé par le Cabinet le 16 septembre 1960./Approved by Cabinet on September 16, 1960.

5. The Minister is returning to Ottawa on Sunday evening. We should like to be in a position to report fully to him on this matter early on September 5.

98. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], September 16, 1960

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Transport (Mr. Hees), (for morning meeting only)
The Solicitor General and Acting Secretary of State (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith), (for morning meeting only)
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley).

The Assistant Secretaries to the Cabinet (Mr. Martin), (Mr. Hodgson).

. . .

POSSIBLE ATTENDANCE OF PRIME MINISTER
AT UNITED NATIONS GENERAL ASSEMBLY

10. *The Prime Minister* said he had received a message from the Prime Minister of the United Kingdom about the possibility of Prime Ministers and heads of governments attending the forthcoming session of the General Assembly of the United Nations. Mr. Macmillan had stated that there was much to be said for re-starting the process towards better relations between East and West which he himself had initiated on his visit to Moscow over a year ago. Now that Khrushchev and leaders of the satellite countries were coming to the U.N., Mr. Macmillan considered it would be helpful if at least some heads of Commonwealth countries could be in New York to rebut the crude attacks of the Communists and to deal with several subjects, including disarmament. Mr. Macmillan would be interested to know what Mr. Diefenbaker's plans were. Mr. Macmillan had not yet decided himself whether he would go but in any event his visit would not be in the first few days after Mr. Khrushchev's speech.

11. The *Secretary of State for External Affairs* said it was difficult to decide whether the Prime Minister should be present or not. The U.S.S.R.'s stock was not high now in the uncommitted nations of the world because of Soviet behaviour over the hoped-for summit talks in the spring and because they had broken off the discussions on disarmament in Geneva. Probably Khrushchev would put forward a new disarmament proposal in an appeal to the uncommitted. There was no possible chance of a U.N. debate solving the disarmament problem. President Eisenhower would make one speech at the Assembly's session and then return right away to Washington. So far other leaders who had indicated they would be present

at the Assembly included Nasser, Tito and Castro. Mr. Nehru was still undecided. He might come later.

Mr. Macmillan apparently felt he had slipped out of the picture since his initiative of eighteen months ago and would now like to get things moving again. Neither Adenauer nor de Gaulle would be in New York. The best Canadian approach was to encourage the nuclear nations to negotiate directly on disarmament.

Macmillan's message suggested a debate on the whole subject of east-west relations. The neutral nations of the world would be annoyed with more talk on this general matter and Canada would not gain friends by supporting such a move. The uncommitted considered that the only way a third world war could be avoided was by the United States and the Soviet Union trying to resolve their difficulties together. Both these big powers were becoming more and more concerned about world opinion, particularly because at this session 15 or 16 new members, all of them so far neutral, were to be admitted to the U.N. As far as the U.S. and its allies were concerned, they would not find it so easy now to get a majority in their favour at the U.N. when they wanted one.

12. *During the discussion* surprise was expressed at Macmillan's suggestion. Khrushchev was obviously trying to redeem himself after his error on the summit, his attacks on Eisenhower and the Soviet withdrawal from the disarmament talks in Geneva. Now he was trying to arrange a summit in New York. It would be a mistake to follow Macmillan's idea and, in effect, fall in with Khrushchev's plan. On the other hand, it was unwise to reach a decision now. The best course would be to await Khrushchev's speech at the U.N. Canada was scheduled to speak on the Monday of the following week.

13. *The Cabinet* noted the report and discussion on the suggestion of the Prime Minister of the United Kingdom that Commonwealth leaders be present at the forthcoming session of the General Assembly of the United Nations and deferred a decision on whether the Prime Minister should attend until after the speech in the Assembly by Mr. Khrushchev.

. . .

99.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET

[Ottawa], September 22, 1960

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Veterans Affairs (Mr. Brooks),
The Solicitor General and Acting Secretary of State (Mr. Balcer),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Fournier).

ATTENDANCE OF PRIME MINISTER AT UNITED NATIONS SESSION
(Previous reference September 16)

1. *The Prime Minister* referred to the previous discussion in Cabinet about whether or not he should attend the present session of the United Nations and said that he had received a few moments earlier a message from the Prime Minister of the United Kingdom. Mr. Macmillan would announce during the day his intention of proceeding to New York on the following Sunday, but did not think he would speak before the following Thursday, or Friday.

2. *Mr. Green* had called to say that he was now definitely of the opinion that the Prime Minister should proceed to New York to address the United Nations. Canada's turn to speak would come up on the following Monday.

He did not wish any announcement about the matter to be made until after Khrushchev had made his speech.

3. *During the brief discussion* there was almost unanimous agreement that the Prime Minister should proceed to New York the following Monday to address the United Nations. This would present an opportunity to put forward Canada's own views. If the Soviet Premier took an abusive line in his speech, Canada could repeat its offer for the reciprocal inspection of Arctic regions. Should Khrushchev say that Canada was completely dominated by the United States, it could be pointed out to him that there were free elections in Canada which allowed people to say what they wanted and he could be asked why such countries as the Ukraine, Latvia, Estonia and Lithuania were not given the opportunity to vote. Some felt that Canada's interest in international affairs was out of all proportion with the size of its population and its importance in general in the world.

4. *The Cabinet* agreed that the Prime Minister should proceed to New York to address the United Nations on the following Monday.

. . .

100. H.B.R.

Projet d'une note de l'adjoint spécial
au secrétaire d'État aux Affaires extérieures

Draft Memorandum by Special Assistant
to Secretary of State for External Affairs

[Ottawa], September 29, 1960

En route from Ottawa to New York September 29 the Prime Minister was speculating on the possibility of a casual meeting with Mr. Khrushchev. He said that he had no intention of taking the initiative to meet Mr. Khrushchev but if he could run into him in a corridor he would shake hands with him and perhaps have a short chat. This remark was in the context of the strongly favourable reaction from the Canadian ethnic groups to the Prime Minister's address in the general debate.[79] I believe that the Prime Minister felt that some sort of counter-balance to his anti-Soviet line might not be amiss.

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[79] Voir Nations Unies, *Documents officiels de l'Assemblée générale, quinzième session, séance plénière,* 871e réunion, le 26 septembre 1960, pp. 111 à 115.
See United Nations, *Official Records of the General Assembly, Fifteenth Session, Plenary Assembly,* 871st Meeting, September 22, 1960, pp. 108-12.

On the way into New York I discussed with Ross Campbell the possibility of engineering a casual meeting with Mr. Khrushchev. We could not, however, think of any way in which we could arrange this without giving the appearance of having taken an initiative which would be politically embarrassing to the Prime Minister. Mr. Khrushchev made the situation more difficult during Mr. Macmillan's speech by intervening twice with shouted interjections from his seat on the floor of the Assembly. Although Mr. Macmillan dealt successfully with these interjections, the incident had raised the temperature in the Assembly. Even the satellite delegations, especially the Poles had the appearance of acute embarrassment during the second of Mr. Khrushchev's impromptu contributions.

In these circumstances, I believe that the Prime Minister felt that the atmosphere for even a brief handshake with Mr. Khrushchev was less propitious than it might otherwise have been. Whether or not this is the explanation, an ideal opportunity for a meeting arose immediately after Mr. Macmillan's speech[80] and was deliberately foregone by the Prime Minister. Mr. Khrushchev appeared moving out of a crowd at the head of a triangular phalanx moving, so far as I could tell, deliberately in Mr. Diefenbaker's direction. I drew Mr. Diefenbaker's attention to Mr. Khrushchev's approach but he was preoccupied with a newspaperman and I think did not notice until it was too late even though I passed within three or four feet. A few seconds later Khrushchev turned his convoy round and came back again directly towards Mr. Diefenbaker. I did not look directly at Mr. Diefenbaker but moved this time within touching distance. Mr. Diefenbaker stood as if on the point of moving to greet and then held back. I walked by fully conscious of the pregnancy of the moment.

A few seconds after this incident, the Prime Minister was wondering whether he had made a mistake. He told Mr. Macmillan of the incident on the telephone later when he congratulated Mr. Macmillan on his speech.

Two other points worth noting: (a) Khrushchev's first interjection in translation read "and then you committed aggression" — this in relation to Mr. Macmillan's explanation of the breakdown of the Summit Conference; (b) Khrushchev's second interjection was to the effect that the Soviet Union would accept control to the extent that the West would accept disarmament. He repeated this interjection twice.

One other point which I noticed and thought unfortunate was the opportunity which the PM lost to congratulate Macmillan when he stepped down from the rostrum. It struck me that at a time when Macmillan had just completed an outstandingly successful speech part of which was devoted to Commonwealth affairs and to a recognition of points in Mr. Diefenbaker's own speech, it would have been appropriate (and good fodder for TV) if the Prime Minister, placed strategically below the rostrum, could have risen to congratulate Macmillan. Instead, it was left to the Italian Foreign Minister Segni to make the gesture.

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80 Voir Nations Unies, *Documents officiels de l'Assemblée générale, quinzième session, séance plénière,* 877e réunion, le 29 septembre 1960, pp. 234 à 240.

See United Nations, *Official Records of the General Assembly, Fifteenth Session, Plenary Assembly,* 877th Meeting, September 29, 1960, pp. 223-29.

101. DEA/5475-DW-74-40

Note d'une conversation du premier ministre avec le président des États-Unis

Memorandum of Conversation of Prime Minister with President of United States

CANADIAN EYES ONLY. SECRET. [Ottawa], October 1, 1960

General

The Prime Minister called on President Eisenhower at his suite in the Waldorf Astoria Hotel at 2.30 p.m. on September 27. Mr. Herter, Mr. Achilles, Counsellor of the State Department, and General Goodpaster of the White House Staff, were with the President. The Prime Minister was accompanied by the Honourable Mr. Green and Mr. H.B. Robinson.

The President and Mr. Herter began by expressing in very warm terms their appreciation of the Prime Minister's speech of September 26 to the United Nations General Assembly. Mr. Herter said that, apart from the Communist representatives, he had heard nothing but approval from other delegations. The Prime Minister said that he understood that Krishna Menon had called the speech "a continuation of the cold war" and Mr. Herter said that Menon could always be counted upon to say something provocative or unpredictable.

In reply to the Prime Minister's enquiry as to what would be the outcome of the General Assembly session, the President said that some people he had talked to in recent days thought that Khrushchev was cooling down. Personally he found it hard to believe. He had been "amazed" by the violence of Khrushchev's speech to the Assembly.[81]

Africa

Two things which had struck the President in all the conversations he had had with foreign representatives were (i) their professed abhorrence of Communism and of all forms of dictatorship and (ii) the (he thought genuine) strength of their support for the United Nations. The President said that this latter was true particularly of Nkrumah, despite the disturbing speech which he had made.[82] At this point there was an exchange between the Prime Minister and Mr. Herter over a public comment which Mr. Herter had made about Nkrumah's speech. The Prime Minister understood that Mr. Herter had described the speech as "a Communist speech" but Mr. Herter intervened to say that he had used the words "leaning towards Communism." He had said this not only because of the content of the speech but because of the elaborate and obtrusive pains which Nkrumah had taken at the end of his speech to be seen and photographed with Khrushchev. When the Prime Minister remarked on Nkrumah's tendency to change the tune of his public statements from one day to the next, the President and Mr. Herter quickly agreed and made it clear that they did not trust Nkrumah.

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[81] Voir Nations Unies, *Documents officiels de l'Assemblée générale, quinzième session, séance plénière,* 869e réunion, le 23 septembre 1960, pp. 71 à 87.
See United Nations, *Official Records of the General Assembly, Fifteenth Session, Plenary Assembly,* 869th Meeting, September 23, 1960, pp. 68-84.

[82] Voir Nations Unies, *Documents officiels de l'Assemblée générale, quinzième session, séance plénière,* 869e réunion, le 23 septembre 1960, pp. 63 à 71.
See United Nations, *Official Records of the General Assembly, Fifteenth Session, Plenary Assembly,* 869th Meeting, September 23, 1960, pp. 61-68.

The President asked the Prime Minister whether he had met Sylvanus Olympio. He described Olympio as "quiet, thoughtful, and the best of the African leaders" that he had met.

The President said that he had been considering what should be done about the recognition of the Republic of Congo. Both Nasser and Nkrumah had contended that in the present confused situation, Lumumba had a better juridical claim to recognition than did Kasavubu. On the other hand, the advice which the President got from the State Department was to the opposite effect. The Prime Minister said his impression was that Kasavubu, as President, had a prior claim to that of Lumumba.

The President went on to say that he had been talking to some of the African leaders about the possibility of organizing some kind of loose "confederation" of African states. Questioned by the Prime Minister, the President said that it need not necessarily be a confederation; it might take the form of an economic union. One of its advantages would be to minimize the need of individual African states to purchase arms. The President said that Olympio had been attracted by the idea and that he had not been discouraged by the reaction of some other Africans. He was not sure, however, about the Crown Prince of Morocco who, like Nkrumah and Nasser, was interested in building up a position of influence for himself.

U.S.-U.S.S.R. Relations

Asked by the Prime Minister what he would do if Khrushchev were to ask for a meeting, the President said that Khrushchev would have to do something practical as a pre-condition, for instance, free the two airmen shot down with the RB-47 and accompany this with a message "burying the past." The situation might be different if there were a United Nations resolution urging him to meet with Khrushchev but the President did not appear to regard this as either a desirable or a likely prospect. The President did not believe that Nasser's suggestion for a Khrushchev-Eisenhower meeting[83] had been concerted with the Soviet Government. More likely it was "purely a bid for personal publicity" on Nasser's part.

The Prime Minister expressed reservations about the wisdom of placing limitations on Khrushchev's movements in the United States. Khrushchev had exploited the resultant situation; his impromptu balcony press conference had been a propaganda triumph which, however, he had very largely nullified by his speech to the General Assembly.

Answering the Prime Minister's point about freedom of movement for Khrushchev, the President said that the U.S. authorities were "genuinely alarmed" at the security problems involved in providing protection for so many high-ranking Communist and other foreign leaders. The police were still seriously worried about the threat to Kadar's life, and new problems had been raised by requests from both Tito and Nasser for permission to travel through the United States.

Apart from the security aspect, the President said that he could not forget the manner in which Khrushchev had withdrawn the invitation to visit the U.S.S.R. He did not, therefore, feel under any strong obligation to facilitate Khrushchev's travelling widely in the United States. Nor was the United States Government under a legal obligation to do so under its agreement with the United Nations.

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[83] Voir Nations Unies, *Documents officiels de l'Assemblée générale, quinzième session, séance plénière,* 873e réunion, le 27 septembre 1960, pp. 143 à 160.

See United Nations, *Official Records of the General Assembly, Fifteenth Session, Plenary Assembly,* 873rd Meeting, September 27, 1960, pp. 145-53.

The Prime Minister acknowledged the difficulty of controlling extreme elements among the different ethnic groups. The intensity of feeling among the Eastern European immigrant population in Canada had been revealed by the spontaneity of their approval for the strong anti-Soviet line he had taken in his speech, particularly in his mention of free elections in the Baltic countries and the Ukraine. The President recalled that in his speech to the Assembly he had himself referred to the idea of a universal plebiscite; he had not been as "specific" as the Prime Minister but they were thinking along similar lines.

Cuba

The Prime Minister asked whether preparation were being made for a full answer to be prepared in refutation of Castro's charges against the United States.[84] Mr. Herter intervened to say that the United States Permanent Representative was today exercising the United States' right of reply and that shortly a document would be circulated giving a full answer to Castro's charges in terms similar to those employed by the United States at the San Jose Conference.

Middle East

In speaking of the Middle East, the President said that he had found Nasser relatively mild on the subject of Israel. Nasser said that he had never made statements about driving the Jews into the Mediterranean; Nasser had admitted that "Israel has become a fact." He had however reiterated the usual Arab complaints on the refugee problem. The President remarked that he had been discussing this problem with Mr. Macmillan earlier in the day and that Macmillan had said that if Israel could be persuaded to take from 200,000 to 300,000 refugees, perhaps the remainder could be resettled in other countries at international expense. The Prime Minister made no direct comment.

Food for Peace

The Prime Minister asked whether the President had got further in his planning of a "Food for Peace" programme which they had discussed in Washington early in June.[85] The President replied in the negative. Mr. Benson was at present abroad looking into this among other questions. The United States would continue to work, as in the past, "in starvation countries" but there was a need for a plan "among the surplus producing countries under the aegis of the United Nations." The President said that he would like to see the United Nations do the distribution of surplus foods. Whatever scheme was agreed, it was important not to disturb the normal commercial markets. The Prime Minister made no comment of substance, but drew attention to the relevant part of his speech to the General Assembly.

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[84] Voir Nations Unies, *Documents officiels de l'Assemblée générale, quinzième session, séance plénière,* 872e réunion, le 26 septembre 1960, pp. 121 à 141.
See United Nations, *Official Records of the General Assembly, Fifteenth Session, Plenary Assembly,* 872nd Meeting, September 26, 1960, pp. 117-36.

[85] Voir/See document 227.

SUBDIVISION III/SUB-SECTION III

LES NOUVEAUX MEMBRES AFRICAINS
NEW AFRICAN MEMBERS

102.

DEA/5475-GW-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

LETTER NO. 147
CONFIDENTIAL

New York, March 3, 1960

Reference: Our Letter No. 100 of February 12.†

AFRICA AND THE U.N.

In light of the brief review of current developments in Africa contained in our letter under reference, some tentative thoughts about the implications for the U.N. suggest themselves.

2. It is of course not difficult to foresee that in the course of the next couple of years we will be facing a new situation in the U.N. due to a change in the balance of membership and a marked increase in demands for U.N. assistance of all kinds. Admission of eight or more new African states into the U.N. will not only bring the proportion of Asian-African members to well over one third of the total membership, it will also bring the number of African members almost up to the number of Asian members. This will mean that the Africans will wield increasing influence over the largest grouping in the U.N. At the same time there are already indications of an incipient split between the Asians on the one hand and the Africans on the other, the former tending to be more responsible and the latter to be more outspoken and extreme. The result may be either formation of a purely African group or some moderation of the more extreme African positions.

3. These changes in U.N. membership may raise serious problems for the Western powers, particularly in the General Assembly. Such changes cannot but affect still further the voting pattern in the Assembly and make it a more unwieldy and, from the Western point of view at least, a less reliable and less responsible organ. Assembly decisions on economic development, on colonial questions and on political problems will undoubtedly be increasingly coloured by the views of the member states with underdeveloped, anti-colonial and neutralist backgrounds. At the same time there may be increasing pressure for expansion of the Councils, or even for some redistribution of the existing membership of the Councils, to reflect better the increased membership of the U.N.

4. The prestige of the U.N. in the eyes of the Western powers, and the degree of their participation in the Organization, may be put into question. They may find themselves on the receiving end of Assembly recommendations on important economic and political questions that are unacceptable to them. This may lead them to downgrade Assembly recommendations (para 5 of our letter under reference refers). They may also try to shift the emphasis from the General Assembly back to other U.N. organs or to bodies outside the U.N., though any attempt to do so would undoubtedly be strongly resisted by the newer members.

5. The U.S.A. Mission are already thinking about some of the political problems that will be posed for them at the next Assembly by the admission of new African members. They feel that it is of considerable importance that these new members should not be allowed to fall

immediately under the influence of the more extreme Asian-African states because that could establish their future voting pattern on many of the perennial U.N. issues. They are therefore looking for some issues likely to be on the agenda of the next session on which the new members might be persuaded to vote with the West (i.e. for the existing Western position). They have not yet thought this idea through but examples they have in mind are: the presidency of the General Assembly; the financing of UNEF; and Korea.

6. Apart from whether or not these are good choices, it does seem to us that it is perhaps a less useful exercise to try to enlist the support of the new members for the existing Western position on long-standing issues than to seek some new initiative that is likely to appeal to the new members. It also seems to us that, given the situation in the Asian-African group, it might be of considerable advantage if some of the middle and smaller powers associated with the Western powers but in a position to pursue an independent policy could provide a sort of rallying point for the more moderate Asians and Africans who do not always wish to go along with their group but would not otherwise have anywhere to go. Such a role could conceivably be played by such middle and smaller powers as Canada, Ireland and the Scandinavians. It would be effective, however, only if the Western powers regarded it neither as a conspiracy against them nor as something to be appropriated by them. In fact, of course, the beginnings of such a "middle group" were seen at the last session of the General Assembly and Canada played a not inconsiderable part in it.

7. Some practical problems of Assembly operation can also be foreseen. The present pattern of committee and plenary debate was never designed for the size of Assembly we have even now; and problems of accommodation and procedure are soon going to be pressing. They will have to be speedily solved if the Assembly is to get through its annual work. One idea that has occurred to us is to reduce the size of the main committees, or at least the non-political ones (i.e. Committees II to VI).

8. As to the position of the new African members in the U.N., there may be some similarities between the present period in Africa and the period of upheaval in Asia in the years following the Second World War. In both cases the tide of nationalism and anti-colonialism was running strong and gave a superficial unity of political outlook and expression to the whole continent. In time, however, the exuberance of that expression waned, the unity of outlook receded and the latent differences came to the surface in Asia as independence was achieved and the problems of consolidation had to be faced. In Africa it will not be so very long now before the anti-colonialists are pushing on an open door. It may still be some time before we reach the high water mark of nationalism there, but when we do, it would not be surprising to find that the latent differences and rivalries among the new states in Africa that then come to the surface are even more marked than those that have appeared in Asia. For one thing the international boundaries that separate the emerging states in Africa are nothing but accidents of political history, without any roots in racial, geographic or economic factors, and the temptation to change them, either for economic viability or political aggrandizement, may be great.

9. In this respect the developing situation in Africa suggests a certain parallel with the situation that has existed in the Middle East in recent years. The boundaries that were drawn there after the First World War had little more foundation than those in Africa today, and intra-Arab rivalries have been a perennial source of international tension for many years. If a similar pattern develops in Africa we may be in for a series of conflicts among the new states that could result in a large and prolonged U.N. peace-keeping operation in order to avoid direct Great Power involvement.

10. Such developments in Africa are likely to give a new dimension to the "cold war," in which the West may suffer somewhat from its close association with South Africa and with French policy in North Africa, but should have a number of natural advantages over the Soviet bloc. Situations are developing and will continue to develop in Africa which must complicate the Communists' approach and pose difficult problems for them. So long as the main question is the early attainment of independence and the ending of "colonial rule" the Communist line can be relatively simple and pays off well. With the complex power relation and rivalries that may grow up among the independent African states, the Communists will be faced with delicate decisions and choices between interests and nations on the African Continent which may be much more risky for them than the simple emphasis on early independence and simple blame for all ills on the colonial powers which have been such an easy and effective line until now.

C.S.A. RITCHIE

SUBDIVISION IV/SUB-SECTION IV

LA RÉSOLUTION IRLANDAISE SUR LA PROPAGATION DES ARMES NUCLÉAIRES
IRISH RESOLUTION ON THE SPREAD OF NUCLEAR WEAPONS

103.

DEA/50189-B-40

Note du conseiller du Gouvernement du Canada en matière de désarmement pour le secrétaire d'État aux Affaires extérieures

Memorandum from Adviser to the Government of Canada on Disarmament to Secretary of State for External Affairs

CONFIDENTIAL

[Ottawa], September 12, 1960

IRISH RESOLUTION AGAINST THE DISSEMINATION OF NUCLEAR WEAPONS

United Nations General Assembly Resolution 1380 (XIV) requested the Ten-Nation Disarmament Committee to study "the possibility of an international agreement, whereby the powers producing nuclear weapons would refrain from handing over the control of such weapons to a nation not possessing them, and whereby the powers not possessing such weapons would refrain from manufacturing them." Canada voted for this procedural resolution.

The Ten-Nation Disarmament Committee did not make this study. However, the June 2, 1960 U.S.S.R. disarmament plan provides that "States having nuclear weapons at their disposal shall undertake not to transfer such weapons or information necessary for manufacture thereof to states which do not possess such weapons. At the same time states possessing no nuclear weapons shall undertake to refrain from manufacturing such weapons."

It will be noted that the expression "transfer" is used instead of "handling over the control." This is significant. The former expression would allow the existing state of affairs, under which, while there are atomic carriers in the United Kingdom, Italy and Turkey, the United States retains the control of the nuclear warheads. It might also allow the extension of such a system. The use of the expression "transfer" would probably be interpreted so as to exclude the presence of nuclear weapons on the territory of any nation which had not manufactured them.

Ireland has proposed the prevention of the dissemination of nuclear weapons for the agenda of the forthcoming General Assembly. It seems likely that it will be very seriously debated. Canada is unlikely to be able to avoid taking a position on the principle of the resolution by

voting for a procedural resolution, as we did in 1959. It therefore seems necessary to take a decision as to the policy which should guide our delegation in the discussion of and voting upon the expected resolution.

The policy to be adopted will, of course, affect the policy and commitments of Canada as regards armaments to be acquired in connection with our responsibilities in NATO and for the defence of North America.

Recommendation

1. Canada should support and vote for a resolution calling for the prevention, under effective international control, of the further dissemination of nuclear weapons, as such prevention would facilitate eventual general and complete disarmament and reduce likelihood of the outbreak of nuclear warfare.

2. Should unqualified support of the principle of the prevention of dissemination of nuclear weapons be impossible in view of Canada's present commitments in respect of the provision of nuclear armaments for Canadian forces in NATO and for defence of the North American continent, we should support a resolution in the same terms as the Resolution 1380 (XIV). While this would not necessarily stop the dissemination of nuclear armaments on both sides, it would at least create some restriction.

3. If Canada did not support or vote for a resolution against the dissemination of nuclear armaments, our sincerity in advocating the abolition of nuclear weapons and carriers would be questioned by the Communist bloc and non-committed countries.

E.L.M. B[URNS]

104. DEA/50219-AM-40

Note de la 1ère Direction de liaison avec la Défense pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Defence Liaison (1) Division to Under-Secretary of State for External Affairs

SECRET [Ottawa], September 14, 1960

Reference: United Nations Division memorandum to you of Sept. 12† and General Burns' memorandum to the Minister of Sept. 12.

GENERAL ASSEMBLY: IRISH RESOLUTION AGAINST THE DISSEMINATION OF NUCLEAR WEAPONS

General Burns' memorandum raises a number of points which I feel should be brought to your attention since he refers to our present commitments in respect of the provision of nuclear armaments for Canadian forces in NATO and for the defence of North America.

2. The government has, as you know, publicly announced its intention to equip our armed forces with certain items of hardware (BOMARC and Honest John) which achieve their full potential only when equipped with nuclear warheads. In addition, the Air Division assigned to NATO will be re-equipped with CF-104s which will, we understand, contain special equipment designed for the employment of nuclear air to ground weapons. This does not, however, mean the aircraft will be exclusively "nuclear carriers," but rather that they will have a dual capacity.

3. On the other hand, there has so far been no decision whether or not to give Canadian forces either in Canada or in Europe a nuclear capability. All that has been said publicly is along the line that the government is "*examining* with the United States questions connected

with the acquisition of warheads for BOMARC and other defensive weapons for use by the Canadian forces in Canada. ... Problems connected with the arming of the Canadian Brigade in Europe and short-range nuclear weapons for NATO's defence tasks are also being *studied*," (Feb. 20/59)[86] and that "negotiations are proceeding with the United States in order that the necessary weapons can be made available for Canadian defence units if and when they are required." (Jan. 18/60).[87] The government has also said publicly that "it is our intention to provide Canadian forces with modern and efficient weapons to enable them to fulfil their respective roles. ... We must reluctantly admit the need in present circumstances for nuclear weapons of a defensive character." (Feb. 20/59).

4. With this as a background, the first question which General Burns' memorandum gives rise to is what is meant by the phrase "prevention of dissemination." If it means "transfer" as used in the Soviet plan referred to, then it would be difficult if not impossible, for Canadian forces to be given a nuclear capacity. The same would be true if this phrase means increasing existing stockpiles, say in Germany, upon which Canadian forces would draw. On the other hand, if it only means "transfer of control," then the problem is not so great and we could probably live with a resolution in this sense. If it means not adding to the fourth (or fifth) power problem, then too we can see no difficulties. However, what is perhaps more important is not the meaning the Canadian Government attaches to the phrase but the meaning it will be given by others.

5. In these circumstances unqualified support for the principle of preventing the dissemination of nuclear weapons could carry the clear implication that Canada will not seek to give its forces a nuclear capability and that as a consequence we are weakening in our support of the philosophy of the deterrent, and of the principles of collective security and of collective balanced forces. It could also be interpreted as meaning that in the absence of a decision to the contrary the government will proceed with the equipping of our forces in NATO with Honest John launchers and strike aircraft and to install BOMARC in Canada even though none of these weapons will be nuclear-armed. Not to give our NATO forces a nuclear capability could create serious difficulties in respect of agreed NATO plans and at home the government would be open to criticism for acquiring expensive items of hardware that cannot be used to their full potential.

6. If it is considered desirable to accept these risks, then it seems to us that we could support the principle of preventing the dissemination of nuclear weapons provided that at the same time it were made clear that a General Assembly resolution embodying this principle should not be operative until an agreement providing for international control and inspection has been completed and ratified by the states mainly concerned.

7. There are two principal factors which lead us to this conclusion. In the first place, the terms of such a resolution, even if implemented in an international agreement, would not affect the Soviet Union as a power which already has nuclear weapons and which is known to be modernizing its forces in Eastern Europe with most up to date weapons. Secondly, unless effective control is achieved there would be no assurance against the Soviet Union proceeding with the equipment of its satellite forces with all types of nuclear carriers and eventually warheads for them. In such circumstances the present balance in Europe could be materially affected. It would be manifestly unfair and exceedingly dangerous if the Western Powers should unilaterally decide to call a halt to improving their defences simply because the United

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[86] Voir Canada, Chambre des Communes, *Débats*, 1959, Volume II, pp. 1279 à 1282.
See Canada, House of Commons , *Debates*, 1959, Volume II, pp. 1221-24.

[87] Voir Canada, Chambre des Communes, *Débats*, 1960-61, Volume I, pp. 74 à 79.
See Canada, House of Commons, *Debates*, 1960-61, Volume I, pp. 68-73.

Nations had agreed to a general resolution on the principle of dissemination in the absence of any concrete proof that the Soviet Union was not proceeding with its efforts to build up its own nuclear capability in Eastern Europe.

F.M. TOVELL

105. J.G.D./XII/F/137

Note du conseiller du Gouvernement du Canada en matière de désarmement

Memorandum by Adviser to the Government of Canada on Disarmament

[Ottawa], November 8, 1960

ARGUMENT AGAINST SPREADING OF NUCLEAR WEAPONS

It is proposed that "tactical" nuclear weapons should be provided to give supporting fire to all units of land forces. Also, tactical aircraft will use nuclear weapons instead of high-explosive bombs or rockets. If military forces so equipped become engaged in any hostilities at all, it would be nuclear warfare.

We have long had "strategic" nuclear weapons of many megatons power. A "strategic" weapon or "weapons system" is intended for the attack of the enemy's centres of industry and population; his war potential. With the provision of the tactical, "low-yield" nuclear weapons, there would be a range of nuclear weapons increasing in power from those attributed to the smallest land force units, to the largest strategic weapons.

The main objection to equipping military forces with the less powerful nuclear weapons for tactical use (that is, against the enemy's armed forces) is that there seems to be no valid reason to doubt that if the use of the so-called tactical nuclear weapons is begun, more and more powerful weapons will be brought into use, until the nuclear war becomes unlimited. This is the so-called escalator effect. The almost irresistible conclusion is that once nuclear arms are used at all, their all-out use must be anticipated, and so the enemy must be defeated by the earliest possible and most powerful attack on his homeland.

Perhaps all this is realized by those advocating the wide distribution of tactical nuclear weapons. The reasoning might be that possible opponents would be warned in the following terms: All elements of our armed forces will use nuclear arms if hostilities begin at all. Therefore, unless you are prepared to face the possibility of an all-out nuclear war, do not attack us, or make any aggressive moves to which our forces will be obliged to react. With the widely-distributed tactical nuclear arms becoming the detonators of full-scale nuclear war, it perhaps is hoped that the rulers of the USSR, not being insane and not wanting full-scale nuclear war, will not use military force to attain any of their ends, if this involves contact with the U.S. or allied forces equipped with tactical nuclear arms.

But is it realistic to hope that this built-in brinkmanship will have such a result, over any considerable period? Is not the threat out of proportion to the kind of aggression it is designed to check? Do the American people and the peoples of their allies really intend to make good on such a threat? Do they wish to secure themselves against any kind of military aggression by responding to it by waging an all-out nuclear war? Put in these terms, the answer is almost certainly no. Commonsense would be that small-scale military aggression employing conventional military forces should be repulsed by the same kind of forces, not by the threat of resorting to all-out nuclear war.

For a threat to deter, the party threatened must be convinced that if he does certain things that he has been warned not to, the threat will be certainly made good. There is a great temptation to test the resolution of the threatener, to see how far it is possible to go towards the

prohibited act, without incurring the penalty. Sooner or later, if the threatened punishment is not applied, the deterrent will fail. And the possibility of war through miscalculation becomes considerable.

Then we must consider that if the USA and her allies and clients are equipped with tactical nuclear weapons, it will not be long before the allies and clients of the USSR will be similarly equipped. Recent history teaches us that the USSR is quite as capable of making friends and influencing people by providing them with weapons as the USA is. So, once the spreading of nuclear arms is begun by the USA, we are embarked on a process under which all military forces will have nuclear weapons, sooner or later. The arms race, instead of being moderated, will be intensified. This, accompanied by increasing tensions, will some day or other, in some part of the world, erupt into war in which nuclear weapons will be used, to the extent that the belligerents possess them. Such a war need not necessarily be between the USSR and the USA, or even between a pair of their clients. If this happens in one case, it can happen in others, supposing nothing is done to put an effective stop to war as a means of settling international disputes. So we would gradually acquiesce in the idea of war employing nuclear weapons — which their users would hope would be immediately decisive. Is this the sort of development which will lead to the security of any nation, which will lead to the kind of world we want?

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It is clear that certain kinds of aggression which could be carried out by conventionally armed forces would not be considered by the people of the nations possessing nuclear arms to be worth repressing, or repulsing, at the cost of engaging in a nuclear war — or running the risk of employing tactical nuclear weapons, and having the escalator get into operation. In fact, one may hazard the guess that the vast majority of people in any state would not wish to sanction the use of nuclear weapons in any conflict except one in which it appeared the enemy would also use such weapons; in fact, where national survival was at stake.

So, as we would also be reluctant to see our essential political and strategic positions of strength eroded by a serious of minor aggressions, which we would not be prepared to resist at the risk of nuclear war, we find that the only alternative is to have conventional forces of our own.

But such a type of defence could be only a temporary solution, at best. If the world is to have a reasonable chance of avoiding nuclear war, the nuclear arms race must be stopped and then put into reverse — that is, we must commence to disarm. And this can only be done if, first of all, there is agreement between the USSR and the USA that this will be done; that there is no quarrel between them of such gravity that they must resort to nuclear war to resolve it; and that it is their prime duty to preserve peace in the world through the United Nations. Either the USSR and the USA must get together to stop war, or they will one day fight each other with nuclear arms. There is little probability of a lasting stalemate.

As a first step, renunciation of the spreading of nuclear weapons seems reasonable and necessary.

E.L.M. BURNS

106. H.C.G./Vol. 9

Note du premier ministre pour le Cabinet

Memorandum from Prime Minister to Cabinet

[New York], November 30, 1960

Attention: Acting Prime Minister

Have consideration given to the Irish Resolution on Nuclear Weapons hereto attached.

How should Canada vote?

Mr. Green will not be here but he feels that Canada should support this because of paragraph (2).

A decision by Cabinet should be transmitted at once to the Delegation in New York.

J.G. D[IEFENBAKER]

107. DEA/50189-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

SECRET [Ottawa], December 1, 1960

THE IRISH RESOLUTION ON THE PREVENTION OF THE FURTHER SPREAD OF NUCLEAR WEAPONS

At the last session of the General Assembly Canada voted in favour of an essentially procedural resolution sponsored by Ireland which called for consideration of the question involved by the Ten Nation Committee. The draft which the Irish have submitted this year differs from last year's proposals in that it proposes substantive measures to deal with the problem.

2. In summary, these proposals call for

(1) governments to "make every effort" to achieve a permanent agreement which would prevent the further spread of nuclear weapons;

(2) "temporary and voluntary" measures, pending the negotiation of such an agreement, under which nations possessing such weapons would "refrain from relinquishing ... control" of them to countries not possessing them;

(3) countries not possessing such weapons to refrain, on a similar "temporary and voluntary" basis, from manufacturing or "otherwise attempting to acquire them."

3. The effects of each of these provisions are discussed in turn below:

(a) Those sections of the resolution which call for an international agreement to prevent the spread of nuclear weapons should cause us no difficulty. Presumably they may be interpreted as proposing the inclusion of measures designed to achieve this aim within a wider agreement on disarmament (perhaps a first-stage "package") under adequate international control. As such they would not run counter to Canadian policy.

(b) As I understand them, the arrangements under which nuclear weapons are supplied by the United States do not call for that country to hand over control of them to the countries in which they are stationed. Even if Canada were to obtain nuclear weapons from the United States under some formula of joint control, it would seem reasonable to assume that this would not constitute relinquishment of control by the USA. Accordingly, it would appear that the second provision of the Irish resolution would also be acceptable to Canada.

(c) Current Canadian defence planning calls for the stationing of such weapons on Canadian territory and for them to be supplied to Canadian forces in Europe. Strictly speaking, this would not be inconsistent with the terms of the resolution, since, if nuclear weapons were stationed in Canada, we still would not have "acquired" them because they would continue to be owned by the USA. However, this line of reasoning may lack force since a state which permits nuclear weapons to be stationed on its territory under joint control and to be supplied to its forces could be said in some sense to be "acquiring" such weapons.

4. The majority of our NATO colleagues intend to abstain on the Irish resolution. The only exceptions, so far as we are aware, are Norway and Denmark, and possibly Iceland. The main reason for adopting this position is the belief that support for the resolution might prejudice the question of a separate NATO nuclear capability.

5. While taking into account the problems which it might raise from the defence and NATO points of view, the Minister has firmly concluded that Canada should vote in favour of the Irish resolution. Canadian support for a permanent agreement on this subject is uncontested. We would also wish to see the great powers refrain from "relinquishing control" of nuclear weapons. The final operative paragraph of the resolution can also be supported in our view because of the strictly temporary nature of the obligation which would be undertaken. However, the principal reason for a vote in favour is that it would be illogical and entirely inconsistent with the forthright stand which Canada has taken on nuclear disarmament for us to do other than support a proposal designed to prevent the further spread of nuclear weapons. We have urged very strongly that the non-nuclear powers should exert pressure on the nuclear powers to pursue negotiations seriously and urgently, and it would be a retreat from this position if we were now to oppose the Irish initiative. This is particularly true in view of the emphasis which we have placed on the role of the non-nuclear powers in the Canadian disarmament proposal now before the First Committee.

6. If it is decided that Canada should vote in favour of the resolution, it would be possible to explain this position in a manner which is consistent with your recent statements, and in particular with your remarks on the subject before the Canadian Club.[88] Our explanation of vote would begin by emphasizing the importance of permanent agreement to prevent the spread of nuclear weapons, and our firm support for this first provision of the resolution. It would then point out that, while we also support the temporary measures called for in the resolution, we could not continue to do so if no progress were made in disarmament negotiations. In conclusion, it would again emphasize the importance which we attach to an early resumption of serious negotiations, and make it plain that we would have to reconsider our support for temporary measures on nuclear weapons if they were not forthcoming. Attached as appendix I to this memorandum is a statement along these lines which Cabinet may wish to approve if it is agreed that Canada should support the Irish proposal.†

N.A. R[OBERTSON]

[88] Voir/See Canada, Department of External Affairs, *Statements and Speeches 1960*, No. 60/41.

108. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], December 1, 1960

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Finance (Mr. Fleming),
The Minister of Transport (Mr. Balcer),
The Minister of Veterans Affairs (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Defence (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Solicitor General (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Defence Production (Mr. O'Hurley),
The Associate Minister of National Defence (Mr. Sévigny),
The Secretary of State (Mr. Dorion),
The Minister of Northern Affairs and National Resources (Mr. Dinsdale),
The Minister without Portfolio (Mr. Halpenny).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries the Cabinet (Mr. Fournier), (Dr. Hodgson).

. . .

IRISH RESOLUTION AT U.N. ON SPREAD OF NUCLEAR WEAPONS

12. *The Prime Minister* read a draft resolution, prepared by Ireland and placed before the General Assembly of the United Nations, on the prevention of the wider dissemination of nuclear weapons. He said that it had previously been anticipated that a few days would be available for consideration of the effect of this resolution on Canada, but advice had just been received that it might come to a vote on this day.

The only part of the resolution presenting problems for Canada was the clause calling upon powers not possessing nuclear weapons to refrain temporarily from manufacturing them or otherwise attempting to acquire them. The Secretary of State for External Affairs recommended that Canada should support the resolution, in order to be consistent with the forthright stand which Canada had taken on nuclear disarmament.

(An explanatory memorandum was circulated, Under-Secretary of State for External Affairs to Prime Minister, Dec. 1, 1960).

13. *During the discussion* the following points were raised:

(a) The resolution should also be considered in the light of Canada's position as a member of N.A.T.O. Most N.A.T.O. countries intended to abstain, because support of the resolution might prejudge the question of a separate N.A.T.O. nuclear capability. The only exceptions were Norway and Denmark, and possibly Iceland. Norway was awaiting Canada's decision and would probably abstain if Canada did. Messrs. Green, Fleming and Harkness would represent Canada at the N.A.T.O. meeting to be held in Paris on December 16th to 18th, and before that meeting the government should avoid getting into an impossible position vis-à-vis Canada's N.A.T.O. allies.

(b) If Canada supported the Irish resolution, the government would have difficulty in explaining why it was preparing to use the CF-104, Honest John and Bomarc, which were intended to have nuclear warheads.

(c) On several recent occasions the Prime Minister had stated publicly that Canada's policy on nuclear weapons had not been definitely determined, but that if Canada at any future time decided it needed nuclear weapons, there must first be agreement with the U.S. on joint control. The logical course would be to abstain from voting on the resolution, because to support it would imply a contradiction of these recent statements.

14. *The Cabinet* agreed that the Canadian delegation to the United Nations should be instructed to abstain from voting on a draft resolution proposed by Ireland to the General Assembly, on the prevention of the wider dissemination of nuclear weapons.

. . .

109.

H.C.G./Vol. 9

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

CONFIDENTIAL

[Ottawa], December 2, 1960

DISARMAMENT RESOLUTIONS AT THE UNITED NATIONS

Mr. Green has asked that you be informed of certain developments in connection with the Irish resolution at the United Nations.

The resolution almost came to a vote last evening but the Committee accepted a suggestion by Mr. Nesbitt that because of the lateness of the hour and the probable complication in the voting, it would be advisable to postpone the vote until the next meeting. The Committee is scheduled to meet again on Monday to begin the debate on Algeria and it is therefore not clear how soon a vote on the Irish resolution and other disarmament items will take place.

There has been a change in the voting pattern. It is now known that Norway, Denmark and Iceland all have instructions to vote in favour of the resolution. Greece and Belgium are without definite instructions — their decision lies between a vote in favour and an abstention and our Delegation believes that in the end they will abstain. So far as we know the other NATO countries will also abstain.

The Canadian Delegation in New York has been negotiating with the United States concerning the Canadian resolution. Some progress is being made on a "compromise" text; the United States Delegation is said to be cooperating in an effort to find a mutually agreeable resolution.

H.B. R[OBINSON]

110. H.C.G./Vol. 9

Note du premier ministre

Memorandum by Prime Minister

SECRET [Ottawa], December 3, 1960

DISARMAMENT

On December 1st at 9 p.m. I talked with Mr. Green who was in Seattle and he claimed that he would be in serious difficulty unless the Canadian Government supported the Irish resolution on nuclear weapons.

I advised him that earlier that day at a Cabinet meeting it was decided to support the resolution would be to make a decision that would be inconsistent with our responsibilities in NATO and in any event should not be taken before the meeting of Ministers in Paris.

On December 3rd Mr. Robinson saw me in regard to this question and seemed to lean in favour of giving the resolution Canadian support. He also viewed with some fear the position which Mr. Green would be in and that if Canada abstained Mr. Green, who has become known as the exponent of disarmament in the United Nations, would suffer severe loss of prestige.

The matter can come up again on Monday in Cabinet for reconsideration.

At the same time I told Mr. Robinson that I did not give up hope of any disarmament discussions at this time and that the result was already being felt in Canada for with *Maclean's Magazine* and other long-hairs talking in favour of there being no nuclear defences, a weakening in Canada's defence effort would be an inevitable result.

J.G. D[IEFENBAKER]

111. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], December 6, 1960

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Trade and Commerce (Mr. Hees),
The Minister of Transport (Mr. Balcer),
The Minister of Veterans Affairs (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of National Defence (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Solicitor General (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny),
The Secretary of State (Mr. Dorion),

The Minister of Northern Affairs and National Resources (Mr. Dinsdale),
The Minister without Portfolio (Mr. Halpenny).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries the Cabinet (Mr. Fournier), (Mr. Martin).

. . .

NUCLEAR WEAPONS POLICY; IRISH RESOLUTION AT THE UNITED NATIONS ON SPREAD OF NUCLEAR ARMS; OTHER ASPECTS

(Previous reference December 1)

17. *The Secretary of State for External Affairs* said that, in addition to the Irish resolution on the spread of nuclear weapons which would come up for a vote in the United Nations in a few days, there were a number of resolutions on disarmament, one of which Canada had initiated. This was co-sponsored by Norway, Sweden, Chile, and Pakistan amongst others, and called for a neutral chairman of the disarmament committee and an ad hoc committee of non-nuclear powers. The U.S.S.R. would oppose the resolution. The U.S.A. would probably vote for it on the basis of a compromise wording. If it were approved Canada would gain much prestige. There were two other resolutions advocating the end of nuclear tests which Canada proposed to support.

No one would vote against the Irish resolution. All would either vote for it or abstain. Some N.A.T.O. countries would be in the latter group. The United Kingdom wanted to vote for it and had persuaded the Irish to amend the wording, but later the United States had persuaded the U.K. to abstain. If Canada voted in favour, there would be a split with its N.A.T.O. partners. On the other hand, if abstention was to be the course, Canada would be split from the co-sponsors of the resolution on disarmament he had described. Abstention would place him in an impossible position.

In the statements he had made from time to time he had not gone beyond agreed government policy. He had made four speeches which the Prime Minister had approved. The terms of the Irish resolution would only be binding until next September at the latest. It requested nations to refrain from doing certain things "as a temporary and voluntary measure." If it was decided to support the resolution, he would be making a statement at the time which would indicate that, if no progress were made in preventing the spread of nuclear weapons, Canada would have to reconsider its position on the temporary measures proposed.

The U.S. was not pressing Canada to abstain. On the other hand, Mr. Spaak, the Secretary-General to N.A.T.O. was emphasizing the necessity for the organization becoming a nuclear power and attacking the Canadian resolution unfairly in the N.A.T.O. Council. This was embarrassing and was placing Canada in a very difficult position. He might have to speak out strongly against Spaak at the forthcoming N.A.T.O. meeting.

18. *During the discussion* the following points were made:

(a) Voting for the Irish resolution would make it impossible to hold discussions with the U.S. on the acquisition of nuclear weapons or warheads for the CF-104, the BOMARC and the Honest John. It had to be remembered that these weapons would be virtually ineffective without nuclear warheads. Indeed, the CF-104 would have to be redesigned to take a conventional weapon and conventional warheads were not being produced for the BOMARC I. The Honest John could be fitted with a conventional H.E. warhead.

(b) An affirmative vote would make the public feel that the government had washed its hands of nuclear weapons and the next step would be strong criticism of the government for spending so much money on carriers for these weapons.

(c) Some argued that discussions with the U.S. could go ahead because all that was being considered was the question of joint control if and when the weapons might be acquired.

(d) Having supported the N.A.T.O. position in 1957 on the stockpiling of nuclear weapons in Europe and on the placing of intermediate range ballistic missiles at SACEUR's disposal, Canada could hardly turn around now and vote for the Irish resolution.

(e) The CF-104's would start coming off the assembly lines towards the end of 1961 and the BOMARC would be ready about the same time. If a decision were not made soon, the government would be acutely embarrassed by having very expensive but virtually useless equipment on its hands. In addition, the U.S. was anxious to have a Canadian decision on the question of defensive nuclear warheads for their squadrons at Goose Bay and Harmon Field.

(f) It would be a few months before the new U.S. administration was established in office. During this period effective discussions with the U.S. would not be practicable. Therefore, there could be no question of Canada attempting to acquire these weapons for a time. The real question was what was the definition of the term "temporary" in the resolution.

19. *The Prime Minister* said that the difficulty with which the government was confronted underlined the danger of Ministers making conflicting statements in public. On the one hand, there were the oft expressed views about disarmament. He personally did not have much hope for success in this field. On the other, there were the views in favour of having the forces of the West, including Canada's, as strongly and most effectively armed and equipped as possible. In future only the Prime Minister should make statements on policy respecting nuclear weapons.

The Cabinet should not decide at this time whether or not nuclear weapons should be acquired. The statement he had made in February, 1959 on this subject still stood. The government was also bound by the agreement reached at the N.A.T.O. Heads of Government meeting in December, 1957.[89] However, weapons and warheads would be acquired only if the principle of joint control was accepted.

He was not so anxious to reach agreement for storage at Goose and Harmon for U.S. forces because this would weaken Canada's bargaining power with the U.S. on other issues, for example the possible arrangement to sell CL-44 aircraft.

He emphasized again the necessity for remaining silent so far as possible on these matters. If the differences continued in public, it was clear that a Minister would have to resign and this was the last thing he wanted.

The statement the Secretary of State for External Affairs would have to make at the U.N. on voting for the Irish resolution should be modified, particularly so that it would be made clear that, if there was no progress *in the immediate future* on the prevention of the spread of these weapons, Canada would have to review her position. While disarmament was a laudable purpose he was afraid of the Conservative party being dubbed the disarmament party. At the N.A.T.O. meeting in Paris later in the month, the Canadian delegation should recognize that the government was morally bound by the decision reached at N.A.T.O. in December, 1957 and, as regards the proposed unified deterrent under N.A.T.O. control, it should not make any commitment.

20. *During the further discussion* the following additional points were made:

(a) The position which was emerging from the discussion was not to be interpreted as committing Canada to a slowing down of the procurement of carriers for nuclear weapons nor ruling out discussions, when the time was ripe, on the acquisition of warheads.

(b) Some would interpret the word "temporary" in the resolution as a period of years. This pointed to the necessity of the proposed statement being changed as had been proposed.

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[89] Voir/See Volume 24, document 256.

21. *The Cabinet* agreed,

(a) that the Canadian delegation at the United Nations should vote in favour of the Irish resolution recommending restraints on the spread of nuclear weapons, subject to making a statement along the lines suggested by the Secretary of State for External Affairs, but with the last sentence changed to read "If, however, there is no significant progress in this field in the immediate future we will reconsider our position on the temporary measures which are proposed in this resolution;"

(b) that only the Prime Minister should make public statements regarding Canadian policy in respect of nuclear weapons; these should so far as possible be in Parliament, and other Ministers should, when it is necessary to refer to Canadian policy in these matters, quote the Prime Minister or use the same wording;

(c) discussions (or "negotiations") with the U.S. Government concerning arrangements for the essential acquisition of nuclear weapons or warheads for use by the Canadian forces, in the manners already decided, may proceed as soon as they can usefully be undertaken but the acceptance of joint control is to be a basic principle;

(d) an agreement with the United States concerning the storage of defensive nuclear weapons at Goose Bay and Harmon Field for the U.S. Air Defence forces should not be concluded until after discussions with the United States on other matters had been concluded;

(e) in the discussions at the N.A.T.O. meeting this month, Canadian Ministers should recognize that the government has agreed, at the meeting in December 1957 and at other times, and is morally bound, to supply Canadian forces under N.A.T.O. command equipped and ready to use nuclear weapons if and when they are necessary;

(f) in the discussions at N.A.T.O. this month, Canadian Ministers should not make any commitment to agree to a unified deterrent under N.A.T.O. control and a decision on this question should await a N.A.T.O. Heads of Government meeting after the new U.S. President has taken office;

(g) preparations should continue to enable the Canadian forces to have the vehicles, missiles, bases, training and other requirements to enable them to be ready to use nuclear weapons to be acquired from the United States under joint control arrangements if and when the adoption of these weapons is considered necessary.

(N.B. Wording as approved by the Prime Minister).[90]

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[90] Pour la déclaration du délégué canadien au sujet de la résolution irlandaise, voir Canadian Permanent Mission to the United Nations, Press Release 31, December 17, 1960.

For the statement of the Canadian delegate on the Irish resolution, see Canadian Permanent Mission to the United Nations, Press Release 31, December 17, 1960.

SUBDIVISION V/SUB-SECTION V

ALGÉRIE
ALGERIA

112. DEA/12177-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en France

Secretary of State for External Affairs to Ambassador in France

TELEGRAM S-459 Ottawa, November 22, 1960

CONFIDENTIAL. PRIORITY.

Reference: London, Washington, Permis New York, Cairo, CCOS, NATO Paris (Priority) (Information).

ALGERIA

The Department has been considering what line should best be taken by our delegation in the debate and voting on the Algerian item when it comes before the UNGA. Until recently it had been feared that this item would be one of the most embarrassing on the agenda, confronting us with the alternative of withdrawing support from a friend and ally or appearing to support France regardless of the merits of the case and against the opposition of our Afro-Asian friends.

2. The recent initiatives by the French government in pressing on with General de Gaulle's plans for the solution of the Algerian problem have, in our view, made the situation a great deal easier. It is our understanding that the French program now envisages the following stages:

(a) A referendum which would enable the separation of the Algerian departments from metropolitan France and set up an interim régime which, while obviously not completely independent of France, would nevertheless be free to negotiate the conditions under which a fully independent Algerian republic could be established.

(b) The interim régime would make contact with the FLN to arrange a cease fire and the commencement of negotiations leading to the preparation of a referendum by the Algerian people on the future of Algeria.

(c) The holding of the referendum presumably in the presence of foreign observers.

(d) The establishment of a government of the fully independent Republic of Algeria and the determination of its relationship with its neighbors and with France (conceivably this might be included in the referendum).

3. Although the various elements in this program may well be juggled to suit the political situation in France, in Algeria and in the UN, it is our view that the process now begun is not reversible.

4. This program concerns Canada in two contexts; UNGA and NATO. So far as the UN is concerned, we consider that there are impressive indications that a solution fully consistent with the Charter is being worked out and that no other agency exists which is in as good a position as de Gaulle to promote this solution. The question for us, therefore, is to decide how the UN can best contribute to the solution of the Algerian problem which we now think is beginning to emerge along lines which we had hoped it would. In the NATO context, the question will eventually arise as to what should be the future relationship, if any, between the

organization and "the Algerian departments of France" of Article 6 of the Treaty.

5. We should be grateful for any indication that you may be able to offer on whether our views of the future of Algeria are shared in your capital and what attitude the government to which you are accredited is likely to take in the discussion of this item at the UNGA.

113.

DEA/12177-40

Extrait d'une note de la Direction des Nations Unies pour le sous-secrétaire d'État aux Affaires extérieures

Extract from Memorandum from United Nations Division to Under-Secretary of State for External Affairs

SECRET. CANADIAN EYES ONLY. [Ottawa], December 13, 1960

15TH ASSEMBLY: ALGERIA

During my stay in New York I had some opportunity to discuss the Assembly proceedings on Algeria. The debate is continuing in the First Committee and at the time of adjournment last evening, 37 speakers remained to be heard. Yesterday the representative of Burma introduced the 21-power draft resolution, which calls for a referendum in Algeria under United Nations auspices.

2. Yesterday afternoon rumours ran around the corridors that the African-Asians were intending to accelerate the debate in the First Committee in order to come to the vote quickly. At one stage it was feared that they would try to force a vote yesterday, when, because of the snow, many delegations were not present, especially the Latin Americans and other supporters of France. Another rumour was that the African-Asians were planning to transfer the Algerian debate from the First Committee to plenary ostensibly because of the rioting and suppressive measures in Algeria. One reason why the African-Asians would prefer to have the item in plenary, however, is that they expect shortly to have the Congo question there and they would not wish to have concurrent debates, one in the First Committee and the other in plenary, on these two subjects which are of great interest to almost all the African-Asians. My guess is that yesterday at least some of the African-Asian group were toying with these ideas but that no agreement could be reached on tactics. Some of them began to speak, however, about accelerating the debate in the First Committee. If the expected veto develops in the Security Council, the Congo question will probably pass at once to the plenary session and there could be some move in the First Committee to transfer Algeria as well.

3. It seems that the French have abandoned earlier efforts to have tabled in the First Committee a competing resolution. The French have calculated that the 21-power text (Candel Telegram 2586 of December 10, attached)† is so extreme that it will not gain a two-thirds majority. Operative paragraph 4 is considered particularly objectionable because it attempts to impose a United Nations referendum without any reference to the position of France and, of course, in the face of known French opposition. Accordingly, the French tactics are to allow this text to be put to the vote unamended in order to demonstrate to its co-sponsors that they will not have sufficient support for its adoption.

4. Some observers wonder whether the French are being too optimistic in their calculation of votes. Undoubtedly they are counting heavily on all their friends to vote against the African-Asian text. I had no opportunity to take sufficient soundings to enable me to draw any conclusion but some of my experienced friends believe that the French may succeed in their objective.

. . .

7. During the flight back to Ottawa, the Minister discussed the Algerian debate with Mr. Campbell and myself. He had talks yesterday with Dr. Fawzi (UAR) and Mr. Jawad (Iraq), who undoubtedly made a strong bid to win Canadian support for the African-Asian position on Algeria. The Minister feared that Canadian support for France would be resented by the African-Asians and we discussed whether Canada should abstain in the voting. I stressed that France would attach the greatest importance to the votes cast by its NATO allies. Mr. Campbell and I emphasized as well that General de Gaulle should be supported because if he could not succeed in Algeria, it was extremely unlikely that any other French leader could and the situation both in Algeria and France might deteriorate gravely. In the end, the Minister seemed disposed to hold to a position in support of France but he is today to discuss the whole question with the Prime Minister. He instructed me, moreover, to inform the European Division even though Canada might vote with France, we should try in our statement to soften the African-Asian reaction by showing understanding and sympathy for their point of view. The strongest argument, in the Minister's view, for supporting France, was the need to give General de Gaulle every chance to succeed with his announced policy.

8. The Minister said that we should instruct the Delegation to keep in close touch with the United States delegation on this matter. He believed that the Canadian and United States positions on Algeria were almost identical. He recalled that at the 14th session, the United States had abstained in the final voting, whereas the Canadian Delegation had voted against the African-Asian resolution. He saw no reason why Canada should be more forthcoming than the United States in supporting France on this matter.[91]

G.S. MURRAY

114. DEA/12177-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

CONFIDENTIAL [Ottawa], December 15, 1960

ALGERIA

I attach for your signature, if you agree, a telegram† to our delegation in New York instructing them to vote against the Afro-Asian resolution on Algeria which will probably come up for a vote late today in the First Committee.

Before he left, Mr. Green instructed us to keep in close touch with the United States on this and to avoid being isolated in a small minority. We have now been informed that the U.S.A. intends to vote against the Afro-Asian resolution and is anxious to know how we intend to vote on the matter. Accordingly to our best information a number of the Latin American countries, the United Kingdom and the U.S.A. will be voting against the resolution. There is a possibility that African members of the French Community may abstain because of the recent trouble in Algeria and there is some talk of abstentions by New Zealand and some Scandinavian delegations, although this is by no means certain.

[91] Note marginale :/Marginal note:
Noted. N.A. R[obertson] 14.12-60.

It seems, therefore, that by voting against this resolution we would be following our own convictions on the merits of the case; we would be in line with the U.S.A. whose position on such matters is similar to our own and we would not find ourselves in an embarrassingly small minority.

It is expected that the Afro-Asian resolution will get the simple majority required to refer it from the First Committee to the Plenary Session of the General Assembly. It is much less likely that it will get the required two-thirds majority in the Plenary Session and some modification of the present extreme resolution may be forthcoming there.

I also attach a copy of our telegram S-487 of December 14† sent to New York suggesting certain lines which might be taken by the delegation in explaining a vote cast against the Afro-Asian resolution.

N.A. R[OBERTSON]

115.

DEA/12177-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

CONFIDENTIAL

[Ottawa], December 19, 1960

ALGERIA

I attach for your approval, if you agree, a telegram†[92] instructing our delegation on how it should vote when the Algerian item comes up for consideration today in the Plenary Session of the General Assembly. The voting will be on two amendments and the original Afro-Asian resolution which was approved by the First Committee.

The first amendment, (Document A/L 334 attached)† submitted by the African members of the Community, meets our objection to the Afro-Asian resolution in that it does not attempt to force the United Nations into a role which might complicate or jeopardize General de Gaulle's present initiative. At the same time it does affirm the United Nations' interest in the problem and should help to keep a desirable amount of pressure on all concerned in Algeria and in France to come to terms.

The Cypriot amendment (Document A/L 333 attached)† is slightly less objectionable than the Afro-Asian paragraph that it seeks to replace in that it "recommends" a course of action rather than "decides" and it is slightly less rigid in saying what the United Nations' role should be in an Algerian referendum. It is nevertheless still open to the objection that it cannot obtain the support of those whose cooperation would be necessary to make it work, hence it offers no hope of providing a solution itself but it could complicate the working out of General de Gaulle's present initiative.

The instructions to our delegation suggest that we should vote on the Afro-Asian resolution in exactly the same way as we did in the First Committee. This is noted on a text of the resolution attached. Should, however, the French Community amendment (Document A/L 334) be approved by the General Assembly and thereby substituted for operative paragraph 4 of the Afro-Asian text it would then be in order for the delegation to vote in favour of the

[92] S-494.

resolution as a whole. Otherwise they should vote against it as they did in the First Committee.[93] [94]

N.A. R[OBINSON]

116. J.G.D./XII/A/270

Le président du Pakistan
au premier ministre

President of Pakistan
to Prime Minister

Karachi, November 29, 1960

Mr. Prime Minister,

You should recall that in April, 1959, I sent a message regarding my talk with Mr. Farhat Abbas to President de Gaulle and offered the services of my Government for a peaceful settlement of the Algerian issue. I also informed your Government of this move. Since then, as you know, the situation in Algeria has worsened. My apprehensions of Communist infiltration in to the area do not appear to have been altogether unjustified. Soviet Union and China have both promised economic and military support to the Algerian Nationalists and with this new development, I am afraid, the Nationalist elements within Algeria may fall an easy prey to Communist propaganda and their movement cannot but come under the influence of Communists. This would be most undesirable both for future friendly relations between France and Algeria and for international peace and security. A situation similar to that which developed in French Indo-China some years ago might arise and result in the establishment of a firm Communist foothold in Africa. The Communist countries will only be too glad to exploit the situation to their advantage and to the loss of the free world. I am aware, Mr. Prime Minister, of the efforts made by the French President to work out a solution acceptable both to the peoples of France and Algeria, and we do appreciate his difficulties of arriving at such a mutually agreed solution. I, however, feel that under the circumstances a reference to the people concerned on the basis of the principle of self-determination, conducted impartially, is possibly the only means of resolving the issue peacefully.

Aligned, as Pakistan is, on the one hand with France and the free world by ties of friendly collaboration and as partners in SEATO, and on the other with the people of Algeria by common bonds of religion, I sincerely desire that peace be restored in the strife-torn area and once more friendly relations be established between the peoples of France and Algeria so that they may be able to divert their resources to peaceful uses and concentrate their energies on raising the standard of living and providing fruits of peace and progress to their peoples. As partners in arms against Communist expansion and members of the UN pledged to the cause of peace, justice and to the right of self-determination, I would like to request you, Mr. Prime Minister, to use your good offices and influence with the French Government and impress upon them the necessity of a very early settlement of the issue. The situation is fast deteriorating and calls for determined efforts not only by the peoples of France and Algeria bu

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[93] Note marginale :/Marginal note:
Prime Minister agrees. Telegram approved. H.B. R[obinson] Dec. 19.

[94] Le Canada a voté contre la résolution, qui a été adoptée par 46 votes contre 20, avec 28 abstentions.
Canada voted against the resolution, which was passed by 46 votes to 20, with 28 abstentions.

by all those who sincerely desire peace and progress and do not wish to see the area turned into an arena of bellicose communist activities.

Yours sincerely,

MOHAMMAD AYUB KHAN

117.

DEA/12177-40

Le premier ministre
au président du Pakistan

Prime Minister
to President of Pakistan

[Ottawa], December 27, 1960

Dear Mr. President:

It was most interesting to read your letter of November 29 in which you told me of your misgivings over the Algerian struggle. My assessment of the Algerian situation is very close to your own; it is one of the most dangerous situations with which we are faced in the world today. As a member of the North Atlantic Treaty Organization, we are particularly apprehensive of the possibilities open to communist infiltration in an area of such great interest to us. We are also unhappy that one of our allies should be involved in a struggle of this nature.

Since you wrote your letter, the subject has been before the General Assembly of the United Nations. Our attitude there has been governed entirely by what we thought offered the best chance of bringing about an end to conflict. In deciding what line we should take, we were mindful of the consideration you brought to my attention in your letter as well as those mentioned by your Foreign Minister to our Acting High Commissioner in Karachi. I think that, in the end, the United Nations vote was just about the best that could have been hoped for. As you will know from our vote and from the statement made by our Delegation,[95] and from my own explanations in the House of Commons here,[96] we were concerned lest any action taken by the United Nations would complicate or jeopardize General de Gaulle's latest initiative. On the other hand, we have never taken the view that the United Nations had no interest in this problem. On the contrary we have always considered that the best role the United Nations could play in the dispute was to place as much pressure as possible on all parties concerned to settle the matter by peaceful means. For this reason, we were happy to be able to vote for the resolution of which Pakistan was one of the co-sponsors after the provision of direct United Nations intervention had been deleted.

I will not attempt to prophesy how events in Algeria will move, but it is our hope that recent events, including the United Nations resolution, will urge on all concerned the necessity for speed. I should hope that after General de Gaulle has had his referendum and obtained a mandate from the French people that he will set in train an irrevocable series of acts leading eventually to the holding of a referendum under conditions which will be acceptable to the

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95 Voir Nations Unies, *Documents officiels de l'Assemblée générale, quinzième session, première commission,* 1133e séance, le 15 décembre 1960, p. 284.
See United Nations, *Official Records of the General Assembly, Fifteenth Session, First Committee,* 1133rd Meeting, December 15, 1960, p. 274.

96 Voir Canada, Chambre des Communes, *Débats*, 1960-61, Volume I, p. 909.
See Canada, House of Commons, *Debates*, 1960-61, Volume I, pp. 874-75.

Algerian people as a whole. (The part to be played by the United Nations in such a referendum would, in keeping the United Nations practice elsewhere, depend upon the wishes of the people living in Algeria themselves).

We are, as I have already said, keenly interested in seeing this conflict settled and, as events unfold, I would be more than happy to have your views on how this end, in which we are both so interested, might best be achieved.

With every good wish for the New Year,

Yours sincerely,
J.G. DIEFENBAKER

SUBDIVISION VI/SUB-SECTION VI

AFRIQUE DU SUD
SOUTH AFRICA

118. DEA/7060-40

Note de l'adjoint spécial au secrétaire d'État aux Affaires extérieures pour secrétaire d'État aux Affaires extérieures

Memorandum from Special Assistant to Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], October 14, 1960

SOUTH AFRICAN ITEMS AT THE
1960 GENERAL ASSEMBLY

You asked that the Departmental memorandum of October 4 on this subject be shown to the Prime Minister.

The Prime Minister has now examined the memorandum and has authorized me to report to you that he was very favourably impressed by it. He commented specifically on its economy of language and its logical presentation, and he approved the direction of the reasoning. Accordingly, as far as the Prime Minister is concerned, guidance for the Delegation based on the memorandum would certainly be acceptable.[97]

H.B. ROBINSON

[PIÈCE JOINTE/ENCLOSURE]

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], October 4, 1960

[97] Note marginale :/Marginal note:
No need to send a telegram. SSEA has given Arthur Smith (Special Committee) a copy: Morley Scott has one. R. C[ampbell] 14/10.

SOUTH AFRICAN ITEMS AT THE 1960 GENERAL ASSEMBLY

The Commentary Items on Race Conflict in South Africa, Treatment of Indians in South Africa, and South West Africa give the Delegation most of the pertinent background information and also suggest general lines for use in speeches (regardless of how we vote) but in effect leave all substantive decisions on voting to be taken by yourself in the light of all the circumstances prevailing at the time the issues come to a head in the Assembly. For your own consideration we append some supplementary comments on:

A. Policy considerations involved for Canada; and

B. Suggested tactics on specific items.

A. POLICY CONSIDERATIONS INVOLVED FOR CANADA

In addition to those general considerations mentioned in Section E of the Commentary Article on Race Conflict in South Africa there are other points which you may wish to bear in mind. In the past Canadian policy on the three South African items has in part been based on the premise that the best hope of moderating the South African position was to abstain on resolutions directly critical of the Union in order to lessen the chance of its leaving the United Nations. At the same time we have shown by voting affirmatively on some paragraphs and by our statements in the debate that in principle we disapproved of racial discrimination. It has been hoped that by this means we could at once demonstrate the general Canadian opposition to racial discrimination and yet be in a position to exert a friendly influence behind the scenes which would help persuade South Africa to change its racial policies. Recent events, especially during the past year, indicate that it is questionable whether this policy now has much chance of accomplishing the objects mentioned as long as the current South African government remains in power. It is quite conceivable, however, that events elsewhere in Africa as well as internal pressures may, in time, lead to a change of government in the Union; in the event all our thinking about the Union would have to be re-examined and the following comments might prove to be no longer valid. At present, though, there are two main factors which lead us to suggest a somewhat different emphasis in our policy.

(1) *There is no evidence whatever that Canada has influenced South African racial policies in the past or that we are likely to do so in the near future.* Regardless of the oft-repeated views of well-disposed countries like Canada, the present Union government has steadily intensified the application of *apartheid.* This policy has led to the denial of more and more basic rights to Europeans as well as Africans until now, as the Bishop of Johannesburg recently observed, the Union has many of the characteristics of a police state. The South African Government gives every impression of having a completely closed mind on this subject by its exasperating refusal to make a token gesture of compromise or even to consent to listen to the private comments of its friends (as shown by Mr. Louw's performance at the Commonwealth Prime Ministers' meeting). Even the events in the Congo have not convinced the Union of the need for promoting educational and political advancement of Africans, along British rather than Belgian lines. Indicating his intention to be at least as self-confident and unyielding as before, Prime Minister Verwoerd said recently that "we shall be going to the United Nations to maintain our point of view and not to lie down. If our standpoint had been understood by the U.N. the situation in the Congo would not have arisen … There are those who speak of partnership and of concessions. Belgium made concessions and the Congo was the heritage."

The Union government's attitude towards the Commonwealth is another indication that South Africa is unlikely to be swayed by any friendly influence which Canada may exert. Pretoria is going ahead with its plebiscite on republicanism despite the unmistakable warning from Commonwealth Prime Ministers that by doing so the Union's continued membership in the Commonwealth would be placed in jeopardy. In subsequent public discussion of the Commonwealth connection, the present political leaders of South Africa have given no

indication that they are concerned about preserving fraternal ties with Canada or that they are aware that in the past Canada has gone out of its way to be moderate and understanding in its consideration of South African questions. Their only concern seems to be to preserve Commonwealth trade preferences with the United Kingdom. Although the questions of racial policy and of Commonwealth membership are not formally linked, they are likely to be associated together in the minds of Commonwealth leaders and it would seem advisable to keep in touch with other Commonwealth missions at the U.N. on their thinking on both these matters.

(2) *Canadian policy on these items may be getting out of touch with changing international and domestic opinion.* International opinion is becoming more outspoken on this question, mainly because South African policies are increasingly antipathetic to current international conditions in which non-white peoples are becoming more important and are demanding recognition of the equality of all races. The situation has been exacerbated, of course, by the blatant Soviet attempts to exploit this colour sensitivity and lingering anti-colonial sentiment in an effort to woo the new nations, particularly in Africa. Reflecting this changing atmosphere, ten Western nations (including the United States, New Zealand and Italy as well as Canada) switched their votes from abstention to the affirmative on the *apartheid* resolution in 1958 and there has been a similar shift on the other two items. Last year all these nations (except Canada) continued to support the resolution and in addition Australia and Belgium changed from a negative vote to an abstention while The Netherlands has since said that in the future it will also move from a negative vote to an abstention on resolutions approximating the 1959 one. There have, of course, been many indications, beginning with Mr. Macmillan's "winds of change" speech, that the United Kingdom is finding it increasingly difficult to count on any domestic support for South African policies. It might also be kept in mind that, as a whole, the colonial powers are less likely to have strong feelings about our vote on these issues than are the emergent countries; some of whom are also members or prospective members of the Commonwealth and our very good friends: India, Malaya, Ghana, Nigeria and the West Indies.

It is difficult to assess how Canadian public opinion views the question at present. On the one hand the Sharpeville shootings last spring strongly reinforced the trend towards outright and unqualified condemnation of South Africa. On the other hand, the events in the Congo and particularly the man-handling of Canadian troops by Congolese soldiers may have served to convince many Canadians that no Africans — wherever they live and whatever superficial veneer of civilization they may have acquired — are capable of governing themselves. As a corollary there may be some feeling in Canada that the white minorities who wish to retain political control over the Africans may well have some arguments in their favour. The most important consideration, however, is that the Canadian Government seems formally committed to a policy of opposition to racial discrimination wherever it appears and a policy of interest in the political and economic development of the peoples of Africa. The Prime Minister's several forthright statements deploring events in South Africa and your own expressions of friendship and respect for the emergent countries of Africa are so well known that Canadian policy at the U.N. will be expected to mirror them.

It would be very difficult indeed to work out a policy reconciling all the various considerations. However, by moving to a somewhat less negative but still moderate position Canadian policy could probably be brought more into line with the changed situation of today. By speaking out clearly and voting *for* any moderate resolution and by opposing or abstaining on any harshly condemnatory resolution we could demonstrate to Canadians, Afro-Asians and South Africans alike that the Canadian Government is concerned about the problem and anxious to encourage the South African authorities to begin moving in the right direction. We could probably increase the effectiveness of this policy by making it known in the corridors in advance that while we did not wish to co-sponsor any resolutions, we were prepared to co-

operate informally with other members working toward reasonable resolutions on the three subjects. It would be useful to keep in particularly close touch with Australia and New Zealand which are in much the same position as ourselves and with Pakistan which has remained very moderate in its approach to South African questions. If at the same time we made it clear that we would not countenance extreme resolutions calling for such things as boycott or expulsion and that all we are seeking is to encourage South Africa to make gradual changes for its own good, we could in large measure avoid getting the Union's back up.

The changed situation in South Africa this year and the intensification of racial conflict in other parts of Africa would make it unlikely that we would be accused of inconsistency this year should we shift our vote. In any event it can be explained that our long-term objectives remain the same and the shift represents only a change in tactics, in the altered circumstances, to reach those objectives.

The tactical problems involved for these items may be quite different this year. In the past, differences of opinion over the substance of the *apartheid* resolution have for the most part been ironed out quietly in the corridors. However, this year the Africans and some Asians may be adamant in demanding an extreme resolution mentioning boycott and expulsion or both on any of the three items and this might lead to competing resolutions and a split in the ranks of the normal supporters of resolutions on the subject. The Scandinavians, some Latins, and moderate Asian delegations such as Japan, Turkey, Pakistan and the Philippines might refuse to support a boycott resolution but would be prepared to support a milder one as in the past. Such a development might present the Canadian delegation with a good opportunity to work with moderate elements for the drawing up of a reasonable resolution capable of attracting broadly based support.

More detailed suggestions on possible courses of action on each item are attached.†

B. SUGGESTED COURSES OF ACTION

South West Africa

All the indications are that the African nations plan to make their main assault on this item because they believe that the South African position is weakest here. Indeed, there is little that can be said in defence of the Union's conduct of the mandate and there is probably widespread international agreement with the recent *Times* editorial which said "no amount of ingenious chicanery can obscure the simple basic facts about South West Africa. It was placed under the mandatory system of the League of Nations in order that its wretched tribesmen might be given a new deal in the light of decent world opinion. Instead of fulfilling this obligation of honour the South African Government, quibbling barefacedly about the succession from League to United Nations, has swallowed South West Africa into its vile scheme of *apartheid* ... There is only one verdict possible in this sorry business. A mandate has been stolen and the thieves are vainly protesting their innocence."

In order to continue our past efforts to promote an atmosphere conducive to fruitful negotiations the delegation might abstain on any resolutions which are generally condemnatory or which would have the effect of extending the degree of U.N. supervision of South West Africa beyond the limits envisaged by the Court in its advisory opinion of 1950. Nor would you likely wish to support a resolution along the lines of the Nkrumah proposal calling on the Union to turn over the mandate voluntarily to the independent African states. We would not object in principle if South Africa were prepared to surrender South West Africa to such a condominium under the International Trusteeship System (for we have supported condominium mandates in the South Pacific) but it would be difficult to support this particular resolution because it seems unrealistic and unlikely to accomplish anything at present. There is no chance that the present Union Government would surrender South West Africa (with the

possible exception of a tribal reserve in the North) to any other nation, least of all to the African states. Furthermore, even if South Africa did agree, such a precipitate transfer of authority would cause severe financial hardship in South West Africa whose economy and lines of communication are closely linked with the Union. If the Africans press this proposal we might raise the question of how they would propose to supply enough trained administrators, technicians, and capital to run the territory.

As in the past the delegation could support a broad resolution of a mild nature appealing to South Africa to reconsider its position. It might also work with others toward the setting up of a negotiating body acceptable to South Africa along the lines of Mr. Louw's letter of July 29, 1960 to the Committee on South West Africa.

However, in order not to leave the impression that Canada condones either the practice of *apartheid* in the territory or Mr. Louw's attempts to vilify the character of every petitioner, and in order to show that we are prepared to move with the changing times in Africa, the delegation might be instructed to vote with the Asians and Africans on minor issues. There no longer seems much value in abstaining as a matter of course on all hearings of petitioners, especially now that the International Court has advised that they are permissible. Even the Scandinavians vote for the hearings on the grounds that they are bound to be held anyway. Our voting would have more point to it if we voted to hear those petitioners who are reasonable individuals possessing a real knowledge of conditions in the Territory and abstained, as the Scandinavians and moderate Asians and Latins do, only on dubious petitioners (such as the three young Americans who appeared last year after having visited the Territory only briefly). The delegation might also vote in favour of any moderate resolution expressing regret at the loss of life resulting from action taken by the police and soldiers at Windhoek. If the resolution also requested the Union to provide compensation to the families of the victims we might abstain on that clause. Provided the resolution as a whole was not intemperate, our support of it would be in line with the Canadian government's publicly-expressed regret at the tragic situations which have given rise to loss of life as a result of the way in which the Union has applied the policy of *apartheid*. It would also be consistent with Canadian policy if the delegation supported any resolutions along the lines of the committee's recommendations on increasing the opportunities for residents of the Territory to study abroad.

Treatment of Indians in South Africa (Item 70)

Clearly you would wish the delegation to oppose any call for economic sanctions or threats of expulsion. The delegation might also abstain on any resolution which as a whole condemns South Africa, calls upon the Union to revoke specific legislation, or declares that South Africa's treatment of its Indian community constitutes a threat to peace. To be consistent with past policy the delegation would also abstain on any clause implying the automatic inclusion of the item on the agenda of a future session, e.g., "invites the parties concerned to report to the General Assembly regarding the progress of negotiations" but it would support the 1958 formula which used the phrase "invites reports regarding any progress which may be made in the negotiations." (This wording has the advantage of conceding indirectly that no progress may be made during the year and therefore no report may be necessary.)

You may wish to leave no doubt that Canada is anxious to do whatever it can to promote more harmonious race relations in South Africa and better understanding between South Africa on the one hand and India and Pakistan on the other. The delegation might therefore make it known in the corridors that we are willing to support a moderate resolution on the lines of those we supported in 1949 and in 1958 calling for the holding of direct talks between the parties without prejudice to their respective juridical stands. We could also support any resolution which seeks to remind all member states of their obligations under the Charter and appeals in general terms for a revision of South African racial policies. If a situation develops

in which some delegations are soliciting support for an extreme resolution you might wish to have the Canadian delegation take part in devising a milder competing resolution.

If the circumstances seem suspicious such a resolution might include a proposal to refer the question to the International Court of Justice for an advisory opinion on whether the Cape Town Agreements and the U.N. Charter impose any legal obligations on South Africa in respect of its treatment of Indians. Alternatively, a slightly different clause might be suggested appealing to the governments concerned to attempt to reach an agreement through direct negotiation, mediation, or conciliation and failing that, to submit the question to the International Court. Proposals along these lines were suggested in 1946 and 1947 and supported by a number of delegations including Canada, the United States, New Zealand, Pakistan, the Scandinavians, and Brazil. Although they were opposed by India and defeated by a narrow majority in those years it is possible that the Indians and their supporters would be willing to consider such proposals now that they have seen the ineffectiveness of so many other types of resolutions.

Race Conflict in South Africa (Apartheid Item)

It would not seem appropriate to support any resolution which is unduly condemnatory in tone, or singles out South Africa unduly without bearing in mind the prevalence of racial discrimination elsewhere, or calls for economic sanctions, or threatens the expulsion of South Africa from the U.N., or proposes anything which amounts to intervention in the Union's internal affairs. Any resolutions brought forward could, of course, be examined paragraph by paragraph to see whether there might be certain sections on which we should vote differently than on the resolution as a whole (as we have done in the past). The delegation will presumably take steps to make it clear that Canada abhors racial discrimination wherever it occurs and is anxious to do whatever it can to promote better race relations in South Africa. To emphasize this attitude the delegation might therefore make it known in the corridors that we were prepared to support any moderate resolution along the lines of that which we supported in 1958 or possibly (as a reflection of rising international concern) somewhat stronger in tone as distinct from substance. The delegation could also indicate that Canada would be willing to consider any new, positive, non-condemnatory approach to the problem. One possibility might be to broaden the existing mandate to the Secretary-General (under Security Council Resolution of April 1, 1960) to explore the question with the South African Government. If a situation develops in which some delegations are soliciting support for an extreme resolution, the Canadian delegation could usefully take part in devising a milder competing resolution designed to win the backing of a broadly-representative group of moderates. In any event, it is recommended that the delegation make a formal statement during the debate setting forth clearly the Canadian position.

If a suitable opportunity should arise the delegation might be authorized to intimate privately to the South African delegation that the position of South Africa's friends would be easier if the Union itself made some gesture to international opinion by modifying some of the harsher aspects of its racial policies.[98]

N.A. R[OBERTSON]

[98] Le principal débat sur l'apartheid a eu lieu à la reprise de la quinzième Session, en 1961, et sera couvert dans le volume 28.
The main debate on apartheid took place at the resumed fifteenth session in 1961, and will be covered in Volume 28.

119. DEA/5475-DW-70-C-40

Extrait du rapport de la quinzième session, quatrième commission de l'Assemblée générale des Nations Unies

Extract from Report of the Fifteenth Session, Fourth Committee of the United Nations General Assembly

AGENDA ITEM 43 – CHAPTER VIII [Ottawa, n.d.]
CONFIDENTIAL

QUESTION OF SOUTH WEST AFRICA

Summary

The debate on South West Africa at the first part of the fifteenth session marked something of a watershed in U.N. discussions of this item. On all sides there was express or tacit acceptance of the fact that negotiations with the Union Government, pursued over many years, had proved entirely fruitless. Resolution 1360 (XIV) had invited the Union Government to enter into negotiations with the Committee on South West Africa. South Africa's response to the Committee's approach was completely negative although the Minister of External Affairs of the Union reiterated the willingness of the Union Government to enter into discussions with some ad hoc U.N. body, appointed after prior consultation with South Africa, which would be empowered to explore all possibilities. The Assembly was in a mood for more positive action and the applications by Liberia and Ethiopia instituting contentious proceedings against South Africa in the International Court merely strengthened the belief of the African-Asians that the U.N. should no longer be content with vain appeals for the co-operation of South Africa.

2. The 6 resolutions adopted under this item abandon all attempt at negotiations with the Union Government; they concentrate on the plight of the people in South West Africa and contain a number of key paragraphs which deplore and disapprove of the policy practised by the Government of South Africa in South West Africa. Canada voted for all of these resolutions except the last which invites the Committee on South West Africa to go to the territory immediately.

(a) Draft resolution I (See Annex II) on "*Petitions relating to the Territory of South West Africa*" was adopted 60 (Canada)-0-6 in Committee and 82 (Canada)-0-5 in plenary.

(b) Draft resolution II (See Annex III) on "*Political freedom in South West Africa*" urged the Union Government to cease the arbitrary imprisoning and deporting of Africans and to ensure the free exercise of political rights by all sectors of the population. It was adopted 62 (Canada)-0-8 in the Committee and 84 (Canada)-0-7 in plenary.

(c) Draft resolution III (See Annex IV) on "*Legal action to ensure the fulfilment of the obligations assumed by the Union of South Africa in respect of the Territory of South West Africa*" commended the governments of Ethiopia and Liberia upon their initiative in bringing the dispute with South African before the International Court. It was adopted 73 (Canada)-0-5 in Committee and 86 (Canada)-0-6 in plenary.

(d) Draft resolution IV (See Annex V) on "*Assistance of U.N. Specialized Agencies in the economic, social and educational development of South West Africa*" invited a number of Specialized Agencies to undertake urgent programmes to assist the indigenous population of the Territory. It was adopted 78 (Canada)-0-1 in Committee and unanimously in plenary.

(e) Draft resolution V (See Annex VI) on "*The Windhoek Location*" requested South Africa to take steps to prosecute and punish the police and civilian officials responsible for the death

of eleven Africans in the December 1959 disturbances. It was adopted 75 (Canada)-0-6 in Committee and 83 (Canada)-0-7 in plenary.

(f) Draft resolution VI (See Annex VII) "*Question of South West Africa*" had three important operative paragraphs which: (1) deplored and disapproved of the policy practised by South Africa contrary to its obligations under the Mandate; (2) deprecated the application of the policy of *apartheid* in South West Africa; and (3) invited the South West Africa Committee to go to the Territory immediately to investigate the situation and report back to the General Assembly. Canada, Ireland, the Scandinavians, New Zealand and the Netherlands voted in favour of the first two of these paragraphs. The African-Asians considered these as key votes. In the case of the third paragraph the basic difficulty was that it attempted to extend U.N. supervision beyond that exercised by the League of Nations under the Mandate. We supported amendments proposed by India which would have left the South West Africa Committee with complete discretion regarding the means it might adopt. When these were not accepted by the co-sponsors we felt compelled to abstain on the resolution as a whole in the company of Ireland, Austria, Greece, Japan, Finland and the administering powers. The vote on the resolution in Committee was 65-0-15 (Canada) and in plenary 78-0-15 (Canada).

The Debate

3. At the beginning of the session the Fourth Committee considered the usual series or requests for hearings by petitioners. Canada voted for hearing all the petitioners on the ground that they were either inhabitants of the territory or such well-known spokesmen for South West Africa as the Rev. Michael Scott. In contrast to last year's vote on petitioners from South West Africa, Canada moved from abstention to an affirmative vote while the U.K. changed from a negative vote to an abstention.

4. When debate began on the item Mr. Louw, the South African Minister of External Affairs, argued that because of the Ethiopian-Liberian applications the Committee should not proceed with a discussion of matters pending before the International Court. On the grounds of *sub judice* he moved for an immediate adjournment. Canada abstained in the vote which followed because there was no opportunity to consider the important issues involved. The vote against adjournment was 1 in favour (South Africa), 67 against, with 11 abstentions (including Canada, Australia, New Zealand and U.K.). South Africa did not participate in the subsequent debate on the item or in the voting on the various resolutions. In plenary, when the *sub judice* argument was again invoked by South Africa, we voted against the motion for adjournment because we had come to the conclusion that the rule could not be relied upon to exclude all discussion under the item (e.g. the U.N. supervisory functions were not affected by the action brought by Ethiopia and Liberia) and we had voted for 5 of the 6 resolutions adopted in Committee. On this occasion the vote was 82 (Canada, New Zealand)-1 (South Africa)-9 (U.K., Australia).

5. In the early stages of the discussion in Committee several of the Latin Americans (Mexico, Venezuela) toyed with the idea that, under the terms of the mandate, the Union Government would cease to be the mandatory power if there was a change of government in South Africa from a monarchical to a republican form. This idea was really based on a misconception of constitutional law as it affects relations between members of the Commonwealth and, inasmuch as it was a doctrine which called into question the validity of all heads of states agreements concluded by the Sovereign before Commonwealth nations such as Pakistan and India became independent, caused considerable concern to the Commonwealth countries. When these difficulties were explained to Mexico and Venezuela they abandoned any idea of bringing in a resolution on this question. At a much later stage Mexico and Venezuela brought in a very ill-considered draft resolution which appealed to all members of the U.N., 'particularly those having close and continuous relations with the Government of the Union of

South Africa," to bring their moral influence to bear on that Government. This was aimed at Commonwealth members but, like the first idea, had not been thought out sufficiently. It was particularly obnoxious to the Ceylonese Representative who pointed out that several members of the Commonwealth, such as Ceylon and Ghana, did not maintain diplomatic relations with South Africa. In the face of the Ceylonese attack Mexico and Venezuela withdrew their draft which, in the circumstances, was the best thing that could have happened. On these two occasions the Mexican Representative, who was one of the most sensible and effective members of the Committee seemed to suffer a lapse of good judgment although his motives were understandable in both instances.

6. Three of the draft resolutions adopted under this item were recommended by the Committee on South West Africa. These were draft resolution I on petitions relating to South West Africa, draft resolution II on political freedom in South West Africa and draft resolution V on the Windhoek disturbances. In addition, draft resolution IV, which invited the Specialized Agencies to undertake urgent programmes to assist the indigenous population in the Territory, was the outcome of views expressed in the meetings of the South West Africa Committee.

7. Of these resolutions, only the one dealing with the Windhoek location gave rise to any discussion. Here El Salvador and Tunisia proposed an amendment which asked South Africa to *take steps to prosecute and punish* the civilian and military officers responsible for the death of eleven Africans in the Windhoek location disturbances of December 10/11, 1959. The Scandinavian countries attempted to replace the underlined words by the phrase "institute legal proceedings against" which would have been a considerable improvement. Canada supported the Scandinavian sub-amendment which was lost in a very close vote, 27-25 (Canada)-22. The Tunisian-El Salvador amendment was then adopted with Canada, Ireland, New Zealand and the Scandinavians abstaining. We voted against two Bulgarian amendments which were mischievous and tended to call into question the validity of the mandate. Both were carried. The resolution which emerged contained some imperfections of wording; in essence, however, it was intended to express regret at the loss of life resulting from the action taken by the police and soldiers at Windhoek. The Delegation's vote for the resolution as a whole was in line with the Canadian Government's publicly-expressed regret at the tragic situations which have led to the loss of many lives as a result of the way in which the Union has applied its policy of *apartheid.*

8. The two remaining resolutions were both controversial. Draft resolution III, sponsored by 20 African delegations, went beyond what was needed in a resolution whose purpose was simply to take note of the legal action brought by Ethiopia and Liberia. The original draft of this resolution would have been more acceptable to Canada, New Zealand, Netherlands and the Scandinavians who nevertheless decided to vote for the main intent of the resolution. In its final form this resolution contains a phrase which "finds that the Government of the Union of South Africa has failed and refused to carry out its obligations under the Mandate for the Territory of South West Africa." We would probably have abstained if a separate vote had been called on this paragraph. In their desire to get strong resolutions the African-Asians overlooked the persuasive value of resolutions which all members of the Commonwealth, apart from South Africa, could have supported.

9. Draft resolution VI raised a number of complications and in calling for the Committee on South West Africa to go to the Territory to investigate and report back to the Assembly went beyond the supervisory functions exercised by the League which have been inherited by the United Nations. Doubts in regard to the appropriateness and practical value of this recommendation were voiced by Ireland, a member of the S.W. Africa Committee, and were also shared by India which proposed a number of amendments designed to improve the text.

This was one of the few occasions when India showed a readiness to moderate the language used in draft resolutions coming before the Fourth Committee. While some of the Indian amendments were accepted by the 11 co-sponsors the crucial one, which would have changed operative paragraph 4 in such a manner as to leave the South West Africa Committee with complete discretion as to the means it might adopt, was not. We therefore abstained on the resolution as a whole in the company of Ireland, Austria, Finland, Japan, Greece, Netherlands, New Zealand, Australia, U.K., and U.S.A. In many ways the key votes were those on operative paragraphs 2 and 3. Canada and New Zealand voted in favour of the adoption of these paragraphs.

The Canadian Position

10. Canada voted for 5 of the 6 draft resolutions adopted on South West Africa, abstaining on draft resolution VI. New Zealand followed a similar course and, with Canada, voted for operative paragraphs 2 and 3 of draft resolution VI. The votes of both countries reflected a desire to move with the changing times in Africa, to support resolutions aimed at improving the lot of the people in the Territory and opposition to the South African policy of *apartheid*. In contrast Australia and the U.K. voted only for the resolution dealing with assistance by the Specialized Agencies, abstaining on the remaining five resolutions.

11. Apart from general policy considerations the Canadian Delegation had been instructed to vote with the African-Asians on minor issues and, where abstention was felt to be justified, to abstain in "good company" i.e. Ireland, the Scandinavians and other moderate non-administering countries such as Greece and Austria. Canada voted with the Scandinavians on every issue except the vote on draft resolution VI as a whole. The Scandinavian affirmative vote on this resolution (apart from Finland which abstained with Canada) was primarily a political decision: because of South African attacks on Norway and Sweden they were unwilling to cast any vote which could be interpreted as implying support for South Africa even in an indirect fashion.

Recommendation for Future Action

12. This item will reappear on the agenda of the resumed session because of draft resolution VI, which contains a paragraph asking the Committee on South West Africa to make a "preliminary report" on the implementation of this resolution. Since South Africa is unlikely to admit the Committee to the Territory it is possible that the anti-colonials will introduce even more extreme resolutions when the item comes up for discussion. At the first part of the fifteenth session U.K. Representatives urged South Africa to make some gesture of conciliation, perhaps by inviting a representative of the South West Africa Committee to visit the Territory. The South African Government was unwilling to make any gesture of this kind and it remains to be seen whether the Secretary-General, who has been asked in a rather ambiguous phrase in draft resolution VI to "provide facilities for the execution" of this resolution, will be able to make any headway with the South African authorities.

13. For future Canadian policy the votes on the resolutions deprecating the application of the policy of *apartheid* in South West Africa are of most significance. The key vote here is the roll-call vote in plenary on operative paragraph 3 of draft resolution VI. Canada voted for this paragraph on which there were only three abstentions — Australia, Portugal and the United Kingdom.

14. In preparing future instructions on this and the *apartheid* item it should be remembered that Canada is now on record as voting in favour of:

(1) A resolution which: (a) considers that the *apartheid* policy applied in South West Africa is contrary to the terms of the Mandate, the U.N. Charter and the Declaration of Human Rights; and (b) considers that the application of the *apartheid* policy is prejudicial to the

maintenance of a peaceful and orderly administration in the Territory [Draft resolution V on the Windhoek location].

(2) A resolution which: (a) notes with grave concern that the administration of the Territory, in recent years, has been conducted in a manner contrary to the Mandate, the U.N. Charter, the Declaration of Human Rights and the resolutions of the General Assembly; and (b) "finds that the Government of the Union of South Africa has failed and refused to carry out its obligations under the Mandate" [Draft resolution III — no separate votes were taken on the preambular or operative paragraphs but Canada would probably have abstained if a separate vote had been taken on the wording in (b)].

(3) Paragraphs which: (a) deplore and disapprove of the policy practises by South Africa contrary to its obligations under the Mandate for South West Africa; and (b) deprecate the application, in the Territory of South West Africa, of the policy of *apartheid*, and call upon the Union Government to revoke or rescind immediately all laws and regulations based on that policy [Operative paragraphs 2 and 3 in Draft resolution VI, both adopted by roll-call votes].

Annex VIII: Statement by the Canadian Representative on December 7, 1960 in explanation of vote on draft resolution III, and draft resolution VI.†[99]

SUBDIVISION VII/SUB-SECTION VII

REPRÉSENTATION DE LA RÉPUBLIQUE POPULAIRE DE CHINE
REPRESENTATION OF THE PEOPLE'S REPUBLIC OF CHINE

120. DEA/50352-40

Le délégué commercial à Hong Kong
au sous-secrétaire d'État aux Affaires extérieures

Trade Commissioner in Hong Kong
to Under-Secretary of State for External Affairs

CONFIDENTIAL VIA DIPLOMATIC BAG Hong Kong, October 20, 1960

CHINESE REPRESENTATION AT THE UNITED NATIONS

Dear Sir:

The result of this year's voting on the United States' moratorium resolution concerning Chinese representation at the United Nations[100] once again raises the question of what future Western policy in this connection should be, but the closeness of this year's vote has lent an urgency to the question which has hitherto been lacking. Naturally, the Communist Chinese are representing the decline in support for the U.S. moratorium resolution as a favourable development for Communist China and an indication of impending defeat for the United States and it must be admitted that, in terms of simple mathematics, the United States appears to be fighting a losing battle. Although the newly elected African members, for the most part, abstained on the question this year, it is unlikely that they will all do so again after finding

[99] Voir Nations Unies, *Documents officiels de l'Assemblée générale, quinzième session, quatrième commission,* 1077e séance, le 7 décembre 1960, pp. 479 à 480.
See United Nations, *Official Records of the General Assembly, Fifteenth Session, Fourth Committee,* 1077th Meeting, December 7, 1960, pp. 463-64.

[100] Voir/See *Yearbook of the United Nations 1960* (New York: Office of Public Information, United Nations, 1961), pp. 170-73.

their United Nations feet. For this reason alone — and there are other compelling reasons — it is imperative that urgent consideration be given to Western tactics over Chinese U.N. representation before the issue arises again in the General Assembly.

I do not intend to go into all the ramifications of Chinese U.N. membership or diplomatic recognition of Communist China, with all the legal and other arguments for and against which have been covered admirably in various memoranda in recent years in the Department (the latest of which on our files is dated June 11, 1958). However, it appears that there are a number of considerations which have become more valid with the passage of time and it is with these that this letter is concerned. In the first place, agreement to discuss Chinese representation at the United Nations is not the same thing as the admission of Communist China to the Chinese seat, although it must be admitted that probably most of those nations opposed to the moratorium on discussing Chinese representation would also vote for Chinese Communist admission to the U.N. Secondly, even a vote favourable to seating Communist China would be a long way from Communist Chinese acceptance. In present circumstances with the United States supporting Chiang Kai-shek and the control of Taiwan beyond the grasp of Peking, it is almost certain that Communist China would refuse to take a place at the United Nations. Thirdly, even if a majority of the United Nations voted to seat Communist China, and even if Communist China by some presently inconceivable act, were to accept a United Nations' seat, it is most unlikely that a majority of the United Nations membership would agree to the handing over of Taiwan to Communist Chinese control. The circumstances under which Communist China might accept the Chinese seat at the United Nations would be if Nationalist China withdrew from the Organization following a vote favourable to the seating of the Communist Chinese, although this is by no means certain since the United States and Chiang Kai-shek could still defy Communist China and maintain the independence of Taiwan and, thereby, the existence of two Chinas.

Bearing the above three points in mind, it appears that a number of positive advantages could be derived from inviting Communist China to take a seat at the United Nations. In the first place, as noted above, Peking would almost certainly decline such an invitation while Taiwan remains beyond its grasp and under U.S. protection. The advantage, from a Western standpoint, accruing from such a situation is that it would approximately reverse the roles of the United States and Communist China in placing the latter on the defensive over this question. Instead of the Americans being accused of unreasonableness by their stubborn attitude, the opprobrium would be transferred to the Chinese. There would be the added advantage, in the unlikely event of Communist China accepting a U.N. seat, of ipso facto throwing the Communist Chinese and the Russians together, thereby exacerbating existing Sino-Soviet differences. While the Soviet Union today has a free hand to act as it wishes in the United Nations, Communist Chinese membership would force the two Communist giants to co-ordinate their policies — a task which is likely to be at least as difficult as coordination amongst the Western powers. Furthermore, with the Communist Chinese in the United Nations, the Soviet Union in some circumstances might well exert a restraining influence upon them. An additional, but important, advantage to be derived from Communist Chinese membership in the United Nations would be the removal of one of the serious strains bedevilling relations between the Western democracies on the one hand, and most of the Afro-Asians — both neutralist and Western oriented — on the other.

One major problem, of course, regardless of any action on Communist Chinese recognition or U.N. representation by other countries, remains that of getting the Americans off the hook on which they have impaled themselves and, to a lesser extent, their allies and friends. This problem may be slightly more susceptible to solution by virtue of the recent China vote in the United Nations than it has been in the past, if the Western powers are willing to go to work on it. Over the next twelve months it would seem worthwhile for the allies of the United States to

exert whatever influence they may have, to bring about a change in American China policy insofar as the United Nations is concerned. It is doubtful if even a new United States president and government will be willing to depart very far from the present American policy on China. Perhaps the best that could be hoped for — and should be worked for — next year is that the Americans be persuaded to forego their annual moratorium resolution, thereby permitting a United Nations debate on the Chinese representational question. This would remove one of the serious complaints of many Afro-Asians who deplore U.S. efforts to prevent even a discussion on the subject but who might not take such umbrage at mere U.S. opposition to Communist Chinese representation during a debate on it. Furthermore, a defeat for the moratorium policy in the General Assembly — which seems inevitable before long — would be more damaging to American prestige and influence than the minor climb down that the abandonment of the moratorium policy would represent. No one could expect the United States in the next year to reverse its established stand on opposition to Communist Chinese U.N. membership. However, if the Americans could be persuaded to agree to drop their moratorium resolution and to participate in a debate on the question, then whatever remaining influence their allies have would be required to persuade the United States to accept with reasonable grace a vote which could well favour seating the Communist Chinese in the United Nations. While the Americans could not be expected to approve of such action, if they could be brought to accept it gracefully as the will of the majority arrived at democratically, honour would be satisfied and they would be off the Chinese representational hook.

In the course of the process described above, there would be no need to persuade the United States to stop supporting Chiang Kai-shek and, therefore, there could be no charges in South East Asia concerning an American double-cross. The Americans might still, in fact, have their way because the Communist Chinese are so deeply committed to the recovery of Taiwan and to an anti "two Chinas" policy that they could be counted upon to reject the offer of a U.N. seat prior to a settlement of the Formosa question to their satisfaction. This solution would also have the advantage of releasing those allies of the United States from the increasingly awkward position in which they find themselves in lending their support to the U.S. moratorium resolution. In particular, the position of the United Kingdom in this respect has been most difficult and, in many respects, inconsistent. British support for the American position on Chinese U.N. representation has persistently bedevilled Sino-U.K. relations and will continue to do so while the present situation exists. While other allies of the United States are not in such an unhappy position as the United Kingdom, the situation has been an uncomfortable one and requires a solution in the not too distant future, possibly along the lines suggested above.

Even if the Communists did accept a seat in the United Nations and the Nationalists withdrew in protest, the United States could not be accused of deserting either its principles or its allies. I am aware that Mr. Wadsworth, only a week or so ago, uttered a scarcely veiled threat that the United States might withdraw from the United Nations in the event of a defeat over the Chinese representational question and, here again, it would be the task of the United States' allies and friends to dissuade it from such a drastic and foolish course. All the great powers have, at one time or another, been defeated in the United Nations on important issues — the Soviet Union regularly, the United Kingdom and France on occasion — but all have accepted their lumps and retained their membership. In fact, the election of Communist China to the United Nations — whether accompanied by U.S. acceptance (not necessarily approval) under allied encouragement as advocated above or by direct defeat — appears to be the only way of loosening the straight-jacket in which U.S.-China policy has been clamped in recent years.

I am fully conscious that there is nothing new in the foregoing analysis or in the proposals made; that many of the American leaders still approach this question from an emotional

standpoint; further, that I have touched on only one aspect of a complex problem which will require much time and effort to resolve. Nevertheless, it is the most urgent aspect of the China question and requires immediate and continuing attention. While most of the new African states are unlikely to go over to Communism lock, stock and barrel, they are also unlikely to be impressed by American arguments on China. Furthermore, in seeking a fair share of the aid pie, which in its present Western form alone is far too small to go round, they may conclude that their best interests will be served by recognizing Peking and voting for its presence in the United Nations — in the hope of remaining outside the East-West tug-of-war and of obtaining aid from both sides. Another consideration that may well affect their decision in this direction is that in their newly independent state they may wish to start with a clean slate and avoid the appearance of simply taking over the policies of their former masters — regardless of the reasonableness, or otherwise, of such policies and it is doubtful, in any case, if they will consider the American or Western stand generally, as being reasonable where Communist China is concerned.

Yours very truly,
C.J. SMALL

SUBDIVISION VIII/SUB-SECTION VIII

APPRÉCIATION DE LA QUINZIÈME SESSION
ASSESSMENT OF THE FIFTEENTH SESSION

121.

DEA/5475-DW-70-D-40

Le représentant permanent auprès des Nations Unies
au sous-secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Under-Secretary of State for External Affairs

LETTER NO. 506
CONFIDENTIAL

New York, July 11, 1961

15TH SESSION OF THE U.N. GENERAL ASSEMBLY

I am enclosing herewith an assessment of the 15th Session of the U.N. General Assembly, which was prepared by Mr. Halstead just prior to his departure from this Mission. It seems to me a very succinct and realistic assessment which I hope may prove of interest to you.

C.S.A. RITCHIE

[PIÈCE JOINTE/ENCLOSURE]

Extrait d'une note du conseiller de la mission permanente auprès des Nations Unies

Extract from Memorandum by Counsellor, Permanent Mission to United Nations

[New York], July 11, 1961

ASSESSMENT OF THE 15TH SESSION

The 15th session of the General Assembly opened on September 20, 1960, adjourned for the holidays on December 20, resumed on March 7, 1961 and was finally terminated in the small hours on April 22 after an all-night marathon meeting. The session broke several records: it was the largest gathering of representatives (from 99 member states) that the United Nations had ever seen; it had the biggest agenda of any Assembly session (there were 90 items altogether); and it was also the longest in United Nations history, in spite of the fact that it did not succeed in disposing of all the items on its agenda.

In some respects the character of the session changed from the first part to the second part. For example, there was some general improvement in the international climate and the East-West conflict became less sharp in the second part. In at least one respect, however, the session had a certain unity; from beginning to end the impact on the Assembly of the large influx of new African member states was strongly felt. Throughout the session the main preoccupation was with colonial issues and with the various aspects, political and financial of the United Nations operation in the Congo. This was "Africa's session."

First Part of the Session

During the first part of the session the Assembly was dominated by the following features: (a) the renewal of the cold war; (b) the United States presidential elections; (c) the attendance of a large number of heads of state and government; and (d) the admission of a record number of newly independent states, most of them from Africa.

The United Nations faced a difficult international situation when the 15th session opened. The Organization was in the midst of a major crisis in the Congo; indeed the Assembly had just held an emergency special session on that question. There had also been in the preceding months a sharp increase in East-West tensions, which Khrushchev dramatized by his personal attendance at the Assembly.

He evidently came to New York to demonstrate the strength of the Soviet bloc and to reassert his own leadership and that of the USSR in spite of the ideological controversy with communist China. He therefore appeared to be more concerned with his audience at home than with the audience in the Assembly and his main initiatives (on disarmament, Chinese representation, the U-2 incident, reorganization of the United Nations Secretariat and anti-colonialism) seemed designed more to impress his domestic audience than to achieve acceptance by the Assembly. On the question of anti-colonialism, however, he struck an immediate chord of sympathy and achieved a certain degree of success. Even on this issue, however, Soviet leadership was displaced by that of the Afro-Asians.

Khrushchev's blustering behaviour at the Assembly, and the defeat of the Soviet proposals on the Congo and the reorganization of the Secretariat, probably left the Western powers temporarily at an advantage. Before the first part of the session was over, however, the Soviet bloc appeared to have recouped their losses as a result of the following three factors: (a) the tendency of the neutrals to move toward the Soviet position whenever the USSR moved away from the position of the Western powers, and therefore to seek a compromise which, while

perhaps far from the most extreme Soviet proposal, was nevertheless such as to allow significant gains to the Soviet side; (b) the neutralists' support of Lumumba and their criticism of the Secretary-General's policy in the Congo; and (c) the lack of leadership on the part of the United States delegation.

There is no doubt that the timing of the United States presidential elections was unfortunate from the point of view of the role played by the United States delegation, and by the Western powers generally, during the first part of the session. It was evident to all that the United States delegation was either without instructions on many important issues or was unable to obtain new instructions on issues where the United States position had already come to be considered by the majority of the Assembly as out of date and ineffective. The result was a lack of initiative and flexibility which put the Western powers and their friends at a distinct disadvantage; they were unable adequately either to counter the Soviet attacks or to give the sort of lead the uncommitted countries might have been glad to follow.

In this situation the attendance of a large number of heads of state and government added greatly to the disharmony, bad temper, and exhaustion that characterized the first part of the session. In combination with the influx of new members and their inexperience with United Nations practices, it was undoubtedly responsible for the fact that the Assembly procedures, already over-burdened by the expansion of membership, virtually proved inadequate to cope with the burden of business placed on this session.

. . .

The Role of the Canadian Delegation

The Canadian delegation and other friendly delegations with which it worked found themselves in a particularly difficult position at the 15th session. They tried to give full recognition to the opinions of the Afro-Asians and the uncommitted countries on such questions as disarmament, technical assistance, etc. They continually found, however, that they were being out-flanked on the left by more extreme resolutions on which they often had to vote in favour although they did not really agree.

Canada's voting record nevertheless demonstrated what on the whole can be called an independent, forward-looking position. On the other hand, we perhaps did not play as active or articulate a role as we might have if it had not been for the complicating factors described above. There is no doubt that those factors made it more difficult for us to develop a concerted "middle of the road" position that could rally widespread support, or to act in our traditional role as a "bridge" between various groupings in the Assembly. This was demonstrated particularly in connection with the Canadian disarmament resolution. On the other hand, we were able at the resumed session to develop very close and useful relations with the new United States delegation and this relationship itself may hold possibilities for a more constructive role at the next session of the Assembly.

SECTION E

FORCE D'URGENCE DES NATIONS UNIES
UNITED NATIONS EMERGENCY FORCE

122. DEA/50366-A-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

TOP SECRET [Ottawa], May 12, 1960

UNEF – POLICY RE WITHDRAWAL

You may recall that as a result of heightened tension along the borders of Israel and the United Arab Republic during February, consultations regarding the safety of the United Nations Emergency Force were undertaken between this Department, the Chairman, Chiefs of Staff, and our Permanent Representative in New York. It was agreed that an approach should be made to the United Nations authorities and that any discussions with these authorities should be based on the following three principles:

(1) There can and should be no thought of unilateral withdrawal of the Canadian component from UNEF.

(2) The withdrawal of UNEF should be considered only in the event of large scale hostilities which either place the Force in physical danger or render it incapable of discharging the functions assigned to it.

(3) There can be no question of using the Force in any active combat role.

It was further agreed that the approach to the United Nations should be in two stages. The first step would be a conversation between Mr. Charles Ritchie and Dr. Bunche for the purpose of obtaining confirmation from the Secretary-General's office of the existence and status of plans for the safety of the Force. The second step would be a discussion between Mr. Ritchie and Mr. Hammarskjöld of the main issues involved in implementing those plans.

Mr. Ritchie accordingly saw Dr. Bunche and from their conversation, during which the distinction was established between redeployment, which might entail limited withdrawal from certain localities, and evacuation, which would mean entire withdrawal from the UNEF area, it emerged, first, that Dr. Bunche assumed that General Burns had turned over to his successor, General Gyani, the redeployment plans which had been drawn up last year. Dr. Bunche did not have detailed knowledge of these plans because they were regarded as being the responsibility of the UNEF Commander. (General Burns did in fact confirm to us independently that such plans had been formulated and that on leaving his UNEF Command he had left them with his Chief of Staff.) Secondly, some provisional planning had been done in the United Nations Office of General Services for evacuation of UNEF from the area by chartered commercial air transport. However, the U.N. Secretariat was careful, for public presentation purposes, to deny the existence of prepared evacuation plans. Thirdly, in the Secretary-General's view, evacuation of UNEF from the area would require a political decision by either the General Assembly or the Security Council. Dr. Bunche also explained that in his and the Secretary-General's view the effective operation of UNEF under its present terms of reference was based on two important principles and that if either principle were jeopardized the problem would have to be immediately referred to the General Assembly or the Security Council. The two principles mentioned by Dr. Bunche were, first, that UNEF could not share occupation of a

given piece of territory with other military forces and, secondly, that UNEF should not be used in a combat role. In conclusion, Dr. Bunche suggested, and Mr. Ritchie agreed, that it might be advisable if the Secretary-General were to take the initiative in having these questions discussed informally in the UNEF Advisory Committee.

It is suggested that Mr. Ritchie should now pursue the question with the Secretary-General. His approach would be based on a clear understanding of the three principles set out in paragraph (1) above and would revolve around questions of how and in what circumstances withdrawal and evacuation plans would be likely to be implemented. From the point of view of the Canadian Government, it would probably be desirable to give formality to our approach to the Secretary-General on this subject. Accordingly, an Aide Mémoire has been drafted which Mr. Ritchie could leave with the Secretary-General. The Aide Mémoire is based on one submitted by the Chairman, Chiefs of Staff, when this subject first came under discussion. The present revision sets out the political principles which we consider should govern the understanding with the United Nations and takes into consideration points made by General Burns and Mr. Charles Ritchie. The text has been agreed to by the Chairman, Chiefs of Staff.

Attached for your signature, if you approve, is a telegram asking Mr. Ritchie to proceed with his discussion with the Secretary-General and giving the text of the Aide Mémoire.[101]

N.A. R[OBERTSON]

123.

DEA/50366-A-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to United Nations

TELEGRAM DL-532 Ottawa, May 18, 1960
SECRET. PRIORITY.
Reference: Your Tel 334 of March 17.†
Repeat CCOS (Information).

UNEF – POLICY RE WITHDRAWAL

Although the situation in the Middle East has again stabilized somewhat since the incidents in early February, we think it would be advisable to carry on with the second stage of plans for seeking an understanding with the Secretary-General regarding responsibility for the safety of the Force. Accordingly we propose that you should now follow up with the Secretary-General your preliminary discussion with Bunche. Your initiative would be on the understanding that the Secretary-General might wish subsequently to raise the question informally in the UNEF Advisory Committee.

2. We agree that it would probably be useful to give the Secretary-General a memorandum or aide mémoire setting out our understanding of the role of UNEF and the arrangements and responsibilities which will apply if the Force should find itself no longer able to function effectively. On the basis of the first draft aide mémoire submitted by the CCOS, and of your reference telegram, we have prepared in consultation with the CCOS a revised text which is set out below. We leave it to you to decide whether it should be left with the Secretary-General

[101] Note marginale :/Marginal note:
Signed by SSEA 17/5 R. C[ampbell].

when you see him or further revised in the light of your discussion with him and presented prior to the anticipated meeting of the Advisory Committee. Text Begins:

In view of incidents on the Israeli-U.A.R. demarcation line in February this year and as the situation in the Middle East generally remains uncertain, it is considered timely to reaffirm the conditions and terms under which the UNEF was established and is operating. It is the Canadian Government's understanding that these are as follows:

(a) the Force was intended only to secure and supervise the cessation of hostilities and can therefore in no circumstances be considered as capable of undertaking an active combat role;

(b) the Force's withdrawal should be considered only in the event of large-scale hostilities which render it incapable of discharging the functions assigned to it without undue physical risk;

(c) the ultimate responsibility for a decision to withdraw or to curtail the functions of the Force either because of large-scale hostilities or of changing conditions rests with the United Nations acting through the Security Council or the General Assembly;

(d) as long as the Force remains in being, the United Nations are primarily responsible for its safety.

2. It follows:

(a) that there can be no question of unilateral withdrawal of the components of the Force; and

(b) that in the event of large-scale hostilities the Secretary-General would take the necessary measures for the safety of the Force through consultation with the UNEF Advisory Committee and if necessary advise the Security Council or the General Assembly on the need for withdrawal or otherwise.

3. In view of the above, and as the Force can defend itself only against small marauding groups or civil disturbance in the area of supervision, it would seem desirable that there be a plan for ensuring the safety of the Force should large-scale hostilities break out. The Canadian government understands that such a plan may have already been worked out. However, it might be desirable to ensure that any such plan is kept up-to-date as circumstances change. Such a plan should provide:

(a) for the redeployment or withdrawal of the Force to a safe enclave where the necessary rations, water, etc. would be already stockpiled; and

(b) for the evacuation of the Force from the area as a whole should this be required.

In implementing the first stage of the plan, the Secretary-General would use his good offices to ensure that the safety of the Force is not jeopardized and would notify both belligerents of the location of the enclave and of the lines of withdrawal to ensure the safe conduct of the Force to the enclave. The Force could remain there and, depending on the United Nations decision, be ready either to resume its policing duties when the local situation was restored sufficiently to make this possible, or to be evacuated from the Middle East.

4. The Canadian government would appreciate confirmation that its understanding of the terms and conditions governing the operation of the Force is correct. Any detailed matters arising out of the redeployment and evacuation plan would be the subject of consultation between the commander of UNEF and the commander of the Canadian contingent. The Canadian government would of course be ready to consult with the U.N. authorities concerning assistance which Canada might lend to U.N. efforts to protect the Force. Text Ends.

[H.C.] GREEN

124.

DEA/50366-A-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 855
TOP SECRET

New York, July 2, 1960

Reference: My Tel 334 Mar 17† and your Tel DL-532 May 18.
Repeat CCOS from Ottawa (Information).

UNEF – POLICY RE WITHDRAWAL

In my reference telegram I reported that Bunche was contemplating discussion of this subject in the UNEF Advisory Committee. However it later became apparent when we tried to follow the matter up that he had overestimated the Secretary-General's willingness to take the initiative himself in raising this politically delicate question. In fact he has made no repeat no move to call a meeting of the Committee on this subject and he is unlikely to make any. I nevertheless thought it advisable to pursue the question with the Secretary-General along the general lines indicated in your reference telegram and have therefore been seeking a suitable opportunity to have a private word with him. That opportunity occurred earlier this week.

2. I handed the Secretary-General a "draft memorandum" embodying paragraphs 1, 2, 3 inclusive of the text given in your reference telegram, explaining that this was an attempt by the Canadian authorities to clarify their thinking about the terms and conditions governing operation of UNEF and the procedures applying in the contingency of redeployment and or evacuation. I said that the Canadian authorities would be grateful to know whether their understanding of these questions, as set forth in the memorandum, coincided with his own. I also invited his comments on whether, and how, this process of clarification could be widened to include other countries contributing to UNEF.

3. The Secretary-General's reaction was forthcoming and helpful. He said that, with respect to the political framework of UNEF's operations, he entirely agreed with our understanding as described in paragraphs 1 and 2 of our memorandum. The only comment he had to make on this aspect was that, although it was of course most undesirable for countries contributing to the Force to consider unilateral withdrawal of their contingents in any emergency involving the Force, there had in fact been unilateral withdrawals under normal circumstances in the past (paragraph 2(a) of the memorandum refers).

4. With respect to plans for actual implementation of a decision to withdraw the Force, however, he was obviously anxious to avoid anything that could conceivable create the impression that he was preparing the way for withdrawal of the Force. He disclaimed any precise knowledge of prepared evacuation plans, although he assumed there were some and we had of course learned from Bunche already that this was the case. However he did suggest that, if we wished to clarify the status of plans for redeployment and evacuation the best way to do it would be to write him a confidential letter on the basis of which he could raise the matter with the UNEF Commander. If we subsequently wished to widen this process of clarification he suggested that the best way might be to speak individually and in confidence with the Permanent Missions of the other countries involved, starting perhaps with the Scandinavians.

5. I should be grateful to know whether such a procedure meets with your approval and whether you agree that I might now address a letter to the Secretary-General as suggested.

[C.S.A.] RITCHIE

125. DEA/12479-B-40

Le chef de la Direction du Moyen-Orient
à la Direction des Nations Unies

Head, Middle Eastern Division,
to United Nations Division

CONFIDENTIAL-CEO [Ottawa], October 28, 1960

Reference: Telegram 1890 of October 20 from Candel New York.[102]

FINANCING OF UN FORCES – POSSIBLE REDUCTION OR WITHDRAWAL OF UNEF

The telegram under reference outlines "two possible approaches that might secure a somewhat broader financial support for UNEF and ONUC :" (a) UNEF (and probably ONUC) might be reduced in size in 1961; (b) countries contributing troops to UNEF and ONUC might campaign extensively to secure the support of middle and small powers for the "principle of collective responsibility."

2. On the latter suggestion, we do not wish to comment extensively. One weakness of this proposal, in its present form, is that countries which contribute contingents to either operations (or both) do not necessarily view UNEF financing with the same eye as ONUC financing. For instance, the UAR might conceivably support the collective financial responsibility of UN membership for ONUC, while maintaining the opposite view regarding UNEF. It would be useful to have the Delegation's assessment as to the likelihood that these states would be willing to engage in a campaign of the type envisaged in paragraph 1(b) above. With specific reference to UNEF financing, there is much to be said for a Canadian initiative designed to alter the Arab attitude. (We understand that both DL(1) and your Division are interested in this possibility.) However, we do not think this can be undertaken before some careful preliminary work has been carried out. First, the views of our missions in Beirut and specially Cairo should be sought on the advisability of a Canadian initiative in this direction. If their reaction proved favourable, our Ambassador in Cairo might sound out the UAR authorities informally, at a high level, along the lines suggested in our memorandum of May 10, 1960 to DL(1) Division,† a copy of which was referred to you. Only in the event that the UAR authorities showed themselves receptive should we consider the advisability of raising the matter directly with other Arab Governments (in Beirut, New York or elsewhere). Obviously this type of approach would take time, and would probably not bear fruit before the next session of the General Assembly. Nevertheless, we would not recommend that it be undertaken as a "crash cooperation" to assist in our problems this year; we might merely spoil whatever chances there may be of eventual success.

3. The comments by Mr. Bender, the chief U.S. adviser of the Fifth Committee, on a possible reduction of UNEF deserve close discussion. Mr. Bender hopes that a reduction of UNEF would result in broader financial support for both UNEF and ONUC, since it would encourage the belief that (1) such forces are not "permanent institutions;" (2) and that the overall cost of UN peacekeeping operations would therefore stabilize at an "acceptable" level (on the assumption, presumably, that the creation of new UN emergency forces would be balanced by the decrease and/or winding-up of others). We find this a very doubtful general doctrine. There is nothing to guarantee that international crises will obligingly die down in one corner of the globe, as others arise elsewhere. Any attempt to compel political realities to fit this Procrustean bed would jeopardize UN emergency operations already well under way, without ensuring the

[102] Voir/See document 32.

success of the more recent one; it might lead to the complete discredit of the UN in a field where its action is at once most vulnerable and most hopeful. Given the interest evinced by the Canadian Government in the performance, by the UN, of international "police duties," we do not believe this type of approach will commend itself here. Admittedly, the cost of emergency forces, and specially the share of such costs to be shouldered by the smaller and poorer nations, should be kept as low as possible. These nations will have to realize, however, that beyond a certain point, they will get from the UN no more peace than they are willing to pay for. The "acceptable" cost of UN operations cannot be arbitrarily set; it can only be as low as consistent with the successful functioning of these operations.

4. Keeping purely to the financial aspect, it is worth enquiring whether substantial benefit could be expected, for ONUC, from a reduction or a withdrawal of UNEF. Economies have been performed, in this and previous years, in the UNEF budget (which has dropped from an initial 25 to 19 million dollars) and perhaps some further minor paring down would be possible without reducing the Force's effectiveness. (You may recall that Colonel Heuchan, until recently CO, CBUME, thought that "the fat had all pretty well been cut off"). These, however, would be small scale economies. If the Force were reduced by half, more substantial sums would be released, but the Force's budget would not necessarily be cut in half. The logistical support for the Force might well have to be roughly the same, much of the equipment might have to remain. In the third hypothesis, that the Force be withdrawn, UN financial requirements would be reduced by eighteen to twenty million dollars a year. In terms of the likely cost of ONUC ($90 million in 1961), is this a critical sum, which might make the difference between success and failure of ONUC? Would all the sums now contributed to UNEF necessarily be transferred to ONUC? This is by no means certain. This being so, we fail to see the logic of putting an end to the UN's most successful emergency force when there is no guarantee that this drastic step would ensure adequate finances for ONUC.

5. On the Middle Eastern political scene, the reduction or withdrawal of UNEF would have a deplorable effect. As you know, the Canadian Government "has accepted the assessment of the Secretary-General that the relative quiet along the Egypt-Israeli border is due in large part to the presence of the Force and that the Force could not accomplish the tasks set for it by the UN with less than its present strength." (Commentary for the Canadian Delegation, XVth Session of the General Assembly; Part I, UNEF, para 3). We believe this view is shared by the main Western powers, including the U.S. authorities, *pace* Mr. Bender. The UAR would not dissent: Brigadier-General Hilmy, Head of the UAR liaison office with UNEF, expressed the (no doubt UAR official) view that UNEF could not be reduced further without failing in its task; and that its withdrawal could not take place before a political settlement of the root causes of UAR-Israeli antagonism. (Even Israel, despite its official reservations vis-à-vis UNEF, would probably expect the latter's withdrawal, or a large reduction in its numbers, to lead to increased tension in the Sinai). If this widely held view of the situation is valid, arbitrary cuts in the UNEF budget must be firmly rejected: small scale cuts would not seriously ease the UN's financial problem and would involve a risk that UNEF might fail to control the situation in the Sinai; if a really worthwhile slice were taken out of the UNEF budget (say $10 million, apparently the sum Mr. Bender had in mind when he suggested that the combined cost of ONUC and UNEF for 1961 be forced down from the estimated $110 million to $50 million), the Force would be so weakened as to be no more than a glorified observer group. It would be in no position to prevent the cycle of ever-worsening incidents which preceded the Israeli intervention against Egypt in 1956. We can well understand that, for these reasons, the UN Secretariat would prefer that UNEF be replaced by an observer group, rather than made into a travesty of an international Force.

6. More immediately, a proposal to reduce significantly or to withdraw UNEF would precipitate a wide-ranging and damaging debate of Arab-Israeli issues in the General

Assembly. The tangled issues of Gaza and the Straits of Tiran, which occasioned heated controversy in February and March 1957, would have to be reconsidered. Much of the ground gained through UNEF occupation of Sharm-al-Sheikh and UNEF presence in Gaza would probably be lost. As you know, the issue of Israeli navigation through the Straits of Tiran, quiescent at present, is potentially one of the most explosive ones in the Middle East.

7. Finally, to emasculate or disband UNEF might represent only a short term economy. The UN would not thereby be relieved of its responsibility for keeping the peace in the area. If Middle Eastern security is allowed to break down, it may prove much more expensive to pick up the pieces afterwards.

8. We understand that you wish to seek the views of the Department of Finance (and perhaps also of the Defence authorities) in this matter. Nevertheless, such grave issues are involved in the proposal to reduce UNEF that you may find it advisable to inform our mission in New York, without delay, of the initial reaction in this Department to such a possibility.

L.A.D. STEPHENS

126. DEA/50366-40

L'ambassadeur en République arabe unie
au secrétaire d'État aux Affaires extérieures

Ambassador in United Arab Republic
to Secretary of State for External Affairs

TELEGRAM 628 Cairo, November 11, 1960

SECRET. OPIMMEDIATE.

Reference: Candel New York Tel 1890 Oct 20.

Repeat London (Deferred), Washington, Permis New York, Candel New York, Tel Aviv from London (Information)

By Bag Beirut, Teheran, Delhi, Oslo from London.

FUTURE OF UNEF

I regret the delay in commenting on the question raised in Candel New York's reference telegram as to whether possible advantages of reducing or removing UNEF in order to assist in obtaining adequate financing for UN military operations in Congo would offset disadvantages which might be incurred in Middle East.

2. I discussed this problem very informally (without referring to USA representative's view) with Colonel Millen, Chief of Staff of UNEF and am reporting the main points that emerged in my immediately following telegram.† I have also discussed the matter informally with Ali Sabri, and am reporting what he said about the UAR attitude in a third telegram.† In a fourth telegram,† which should also be read in conjunction with this message, I am discussing the situation in Jordan, and views thereon expressed to me in recent conversations with Ali Sabri, Heikal, and Anwar Sadat. In this message I shall outline my own views about the future of UNEF.

3. In my judgement removing UNEF in the near future, while it would offer certain obvious administrative and financial advantages, would obviate certain dangers, and might have also certain political advantages, would involve accepting a very grave calculated risk with possible far-reaching consequences.

4. In assessing the situation we must I think recognize that Arab-Israeli tension, linked as it is at present with problem of inter-Arab relations and particularly just now with the problem of

future of Jordan, remains one of most dangerous and intractable issues in international relations. Fact that borders have been relatively quiet in recent months and that Mid East is currently little in world news should not repeat not be allowed to obscure this. Unfortunately a serious crisis could develop here very quickly. A decision to withdraw UNEF should logically imply a willingness to accept the risk of an Arab-Israeli war. Arab-Israeli struggle is one in which emotions on both sides are deeply engaged, and Arabs in particular are not repeat not always very realistic, so that attempts to predict future course of events by reference to rational self-interest of parties to dispute could prove misleading.

5. I have great sympathy with view that in long term water should be allowed to find its own level. In Mid East I think this means at least that the main Arab countries in this region should be allowed to work out their own inter-relationships without much interference from outside powers. This principle has during the past two years been very relevant to the situation inside Iraq and to Iraq's relations with the UAR. It is I think particularly relevant today to Jordan. One possibility is that some new leadership in Jordan, with King Hussein either eliminated or relegated to the sidelines, might work out a rapprochement and conceivably some form of federal union with Egypt and Syria in a reorganized UAR. Conceivably Iraq itself might become a party to some such enlarged and loosened union. Another possibility, which I think cannot be discarded, is that instead of a gradual development we might suddenly find King Hussein assassinated and a crisis about the future of Jordan precipitated, whether by spontaneous combustion within Jordan or by some action planned in Damascus or Cairo. Alternatively, King Hussein might be overthrown in a coup but escape to appeal for either UN or unilateral UK aid. Personally I think the UK would be most unwise to consider any unilateral intervention in any of these circumstances.

6. I do not repeat not know what Israel reaction might be to any of these developments. I have telegraphed separately (my message 624 November 10)† enquiring about a local report that Mrs. Meir has stated that Israel would not repeat not tolerate any change of régime in Jordan.

7. In the event that Israel should react to an assassination, or change of régime, or fundamentally changed orientation in Jordan by a military move toward the West Bank of the river, there is a great possibility of war between the UAR and Israel, on some or all available fronts. This would create a critical problem for UNEF, and for the Canadian and other forces now deployed between Egyptian part of the UAR army and Israel. It would raise once more the problem which came up last February, and which I reported and discussed in various telegrams at the time (particularly Nos. 226 February 24,† 235 February 26† and 241 March 1†). The anomaly of UNEFs position on only one part of the UAR-Israeli front could prove awkward as well as dangerous, in the event that Israel was the first country to move troops outside its own territory (into Jordan) and if Israeli and UAR Syrian region forces then became militarily involved, particularly as there might be no repeat no certainty or at least no repeat no quickly provable outside responsibility for the assassination or coup in Jordan at the time.

8. It is difficult to speculate in advance about such hypothetical (but I think by no repeat no means inconceivable) developments. The irresponsibility and unrealism of many of the UAR politicians' speeches and press statements about Israel are tiresome and unhealthy, and it might seem tempting, by removing UNEF, to force the UAR to face directly the cold reality of Israeli military strength, in the hope that this might induce restraint and by one means or another lead to a situation where realistic negotiations between the Arabs and the Israelis could be brought about. But though Israel is in my judgment still significantly stronger than the UAR, the latter seems greatly to have improved the efficiency of its forces and we could not be sure that the result might not repeat not be a war, with a real danger of the Great Powers being dragged in.

9. It seems to me that on balance maintaining UNEF might help to restrain or limit a flare-up, or at least gain time for consideration here and for consultation and possible Security Council action, and make less likely unilateral Great Power military intervention in the event of an outbreak of Israeli-Arab fighting. Otherwise there could conceivably be a danger that the USSR, in order to re-establish its position as chief friend and saviour of the Arabs, might in a crisis threaten unilateral Soviet intervention against Israel. Moreover having a UNEF Force in Gaza might make it possible for the UN to take some quick action to re-establish the situation on the Israeli-Jordan border.

10. Quite apart from the above extreme case, there is always the likelihood, were UNEF removed, that tension would build up on the Gaza-Israeli frontier, and that incidents could lead to a chain reaction which could become dangerous if unchecked. There is also the point that Israel has not repeat not recognized the Egyptian-Israeli Mixed Armistice Commission since 1956 and does not repeat not allow UNTSO to be effective on this part of the UAR-Israeli border.

11. Another factor that should not be overlooked is the importance of the little UNEF unit stationed at Sharm El Shaikh, on the entrance to the Gulf of Aqaba. As you know its purpose, which has been thus far successfully achieved, is to prevent Arab interference with the use of that gulf by Israeli and other ships going to Elath. Without the UNEF platoon and with the probable restationing there of UAR guns, Nasser might find it difficult to resist needling by King Hussein, Kassim, or King Sihud, and might try at some stage to stop such Israeli shipping. Israel has said (and probably means) that she would treat any such interference as an act of war.

12. In my despatch 283 May 17[103] I reported that the UAR attitude toward Israel seemed to have hardened seriously, and that there had been a significant worsening of UAR relations with Jordan. Since I returned to Cairo this autumn it is more than ever my impression that both these trends are serious and have continued. There is some reason to think that the UAR expects and now really wants a change of régime in Jordan and may be prepared to accept risk that could be involved in consequent possibility of Israeli intervention.

13. I do not repeat not feel I should express firm views on the implications of any significant reduction in UNEF strength (as opposed to withdrawal), but in my next telegram† I report Colonel Millen's views which seem reasonable to me. Moreover it is arguable that there is some real advantage in maintaining in being in the MidEast a UN Force large enough to allow at least temporarily and quickly the detachment of men for emergency use elsewhere in the world, in view of the continuing difficulty of organizing a permanent UN stand-by force. For example the UN Congo operation could not repeat not have been mounted so quickly in the emergency there had not repeat not Mr. Hammarskjöld been able to draw on UNEF. Another emergency could arise suddenly in Jordan or elsewhere.

14. Against the whole background it is my reluctant judgment that the wise course would probably be to leave UNEF as it is for the time being.

ARNOLD SMITH

[103] Voir/See document 517.

127.

DEA/50366-A-40

Le sous-secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Under-Secretary of State for External Affairs
to Permanent Representative to United Nations

TELEGRAM DL-1412 Ottawa, December 21, 1960

SECRET. CANADIAN EYES ONLY. ROUTINE.
Reference: Your Tel 855 of July 2, 1960.
Repeat CCOS, Cairo (Deferred) (Information).
By Bag Tel Aviv, Beirut.

UNEF – POLICY RE WITHDRAWAL

You will recall that the Secretary-General, having verbally confirmed the Canadian Government's understandings as set out in paragraphs 1 and 2 of the "draft memorandum" you handed him, suggested a confidential letter from the Canadian authorities as a basis on which he could raise with the UNEF Commander the question of the present status of redeployment and evacuation plans. Because of the Congo crisis, which erupted shortly after your talk with the Secretary-General and which, together with other issues arising out of the Fifteenth General Assembly, confronted the Secretary-General with overriding preoccupations, this third step towards clarification of the withdrawal situation has been left in abeyance.

2. However, the Chairman, Chiefs of Staff, has now requested that we proceed along the lines suggested by the Secretary-General. The CCOS considers it essential that we be officially informed of the nature and status of measures which the U.N. is presumed to have in hand regarding the safety and removal of the Force in circumstances which would call for such steps. This information is considered necessary in order that the Canadian military authorities will be able to determine what, if any, planning it would be essential or desirable to undertake.

3. Although the situation in the Middle East at the moment does not give cause for more than usual concern, neither does it show any trend towards stability. For example, differences between Jordan and Syria, and likely Israeli reactions to a possible change in the tenuous internal status quo in Jordan, are questions which keep the pot boiling. For this reason, although the time may not be too propitious for a further approach to the Secretary-General on his question, we are inclined to agree that an attempt should be made to obtain from the U.N. a record of arrangements regarding the safety of UNEF. Unless, therefore, you see serious objections because of timing or on other grounds, we would be grateful if you would now proceed with a letter to the Secretary-General. As to timing, we understand that the Secretary-General plans to leave New York early in the New Year on a trip to South Africa.

4. We would suggest that your letter need not do more than request, with reference to the draft memorandum" and to your previous conversation with the Secretary-General, information on the nature and status of redeployment and evacuation plans. As the Secretary-General accepted the statements in the "draft memorandum," in particular paragraph 2(b) of our telegram DL-532 of May 18, 1960 concerning the political responsibility of the U.N. In this regard, it would not appear necessary, at least in the context of this enquiry, to attempt to elicit a statement of his views on conditions which would surround implementation of a decision to withdraw the Force. The essential consideration at this stage is to have official confirmation that the responsible U.N. authorities are prepared for the eventuality of

redeployment and withdrawal and to have an up-to-date description of the plans which have been developed.[104]

[N.A.] ROBERTSON

SECTION F

OFFICE DE SECOURS ET DE TRAVAUX DES NATIONS UNIES POUR LES RÉFUGIÉS DE PALESTINE
UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES

128. DEA/10170-C-40

Le représentant permanent auprès des Nations Unies au sous-secrétaire d'État aux Affaires extérieures

Permanent representative to United Nations to Under-Secretary of State for External Affairs

LETTER NO. 32 New York, January 15, 1960

RESTRICTED

Reference: Our letter No. 3 of January 4, 1960.†

UNRWA — CANADIAN CONTRIBUTION OF FLOUR

The results of the *ad hoc* pledging conference reported to you in our letter under reference, as they concern UNRWA, raise once again for the Agency the problem of finding sufficient funds to meet its approved budget.

2. The only source from which the Agency can foresee an increased contribution is Germany. However, on the basis of German increases to other extra-budgetary funds, it is unlikely that the increase will be much more than about 20%. It is therefore the Agency's expectation that about the same situation as last year will prevail, the German increase being offset by the slightly higher level of the 1960 budget. In these circumstances the Agency has made informal inquiries as to whether a possibility exists that the Canadian Government might approve a further gift of flour for 1960, of the same order as in 1958 and 1959.

3. In our view, a donation of about 20,000 tons of flour to the Agency should be given very serious consideration. The General Assembly has reaffirmed its responsibility for the Palestine refugees and has continued UNRWA in being to discharge this responsibility. The Arabs supported a resolution which contained provisions for improvement of the Agency's legal position as well as for revision of the relief rolls. The Agency has thus the blessing of the host governments for a more orderly life in the next few years. However, no express provisions were made for an improvement of the Agency's financial position.

4. Without some substantial increase in contributions, the Agency will inevitably find itself in serious financial difficulties which will lead to curtailment of the rehabilitation projects which have been included, on a slightly increased scale, in the 1960 budget. It would be a pity if these projects were to be curtailed, since they offer to at least a small number of the refugees almost the only opportunity of becoming independent of relief. The Government of Jordan has opened itself to no little criticism from other Arab governments for its realistic approach to the

[104] Une lettre a été envoyée le 5 janvier 1961; cependant, aucune réponse n'a été reçue.
A letter was sent on January 5, 1961; however, no reply was received.

rehabilitation program for the refugee. If funds are not forthcoming, this helpful attitude will be wasted.

5. Another consideration is that World Refugee Year will continue until June 1960. Canada has made substantial contributions to the Year already,[105] but it would be difficult for us to explain if less were done this year than last year for the Palestine Refugees. We are aware that before the official start of World Refugee Year, last year's gift of flour was linked to the Year. However, in general, the High Commissioner for Refugees has benefited greatly from the Year, while there has been markedly less inclination to make an effort for the Palestine refugees.

6. In addition to raising the specific question of a Canadian contribution to the Palestine refugees for 1960, we should also like to put forward for your consideration the suggestion that this and future Canadian contributions to UNRWA might best be made up entirely of flour, at a level higher than the 1959 contributions of cash and flour combined. As you know, the basic ration distributed by the Agency consists of wheat flour, of which the Agency requires about 100,000 tons annually. The sum that we have in mind for the Canadian contribution is $3 million worth of flour, or about 40,000 tons, 40% of UNRWA's annual requirements.

7. In 1959 the Canadian Parliament voted an expenditure of $25 million for disposal of surplus wheat or flour; $13.5 million went via the Colombo plan, $1.5 million to Palestine refugees and $10 million was voted for wheat to be given to a NATO food bank. In spite of the partial loss of some 100 million bushels of wheat of the 1959 crop through early and heavy falls of snow, it is not unlikely, on the basis of the figures we have seen here, that there will again be wheat available, for the disposal of which Parliament might be willing to grant funds.

8. It is suggested that such a Canadian contribution in kind should be at a level higher than our previous contributions of cash and flour combined not only to meet the Agency's requirement for an increase in contributions in order to carry out its responsibilities, but also in order to counterbalance certain difficulties which a contribution wholly in kind would otherwise create for UNRWA. Under the present arrangements, UNRWA has agreed to purchase 50% of its flour requirements in the United States. The rest is brought mainly in Europe, on a purely commercial basis, at a cost about 30% below the North American price. To the latter must be added the shipping costs, which the Agency has to bear. Without any cash contribution at all, and the contribution being maintained at the 1959 level of flour and cash combined, we have calculated that there would be a net loss of assets to the Agency. Thus conversion of the Canadian contribution entirely into kind must entail an increase in the level of the contribution.

9. The practical advantages of a contribution in kind, of flour, would be:

(a) The sum voted by Parliament for this purpose would be spent entirely in Canada;

(b) The contribution would assist in reducing the wheat surplus, with its storage costs, special payments, etc., in a very good cause;

(c) A higher contribution by Canada would be matched, in cash, by the USA on a 70/30 matching formula;

(d) More cash would become available for the rehabilitation schemes;

(e) The flour required by UNRWA is of a relatively low grade, No. 5, a grade less salable than the better quality flours.

10. Against these must be weighed the fact that, in absolute terms, Canada would be making a higher contribution and would be very high on the list of contributors, i.e. the highest per

[105] Voir volume 26, chapitre premier, partie 1(a) (ix)./See Volume 26, Chapter I, Part 1(a) (ix).

capita contributor and the third highest in absolute terms. The United States contributes $23 million, the United Kingdom $5.4 million.

11. It may not be possible or desirable to consider this proposal for the 1960 contribution, but since the Agency will now be in existence at least 3 more years, you may wish to consider it for 1961 and after. We would, however, recommend that the question of a gift of flour of the order of the two previous gifts be given serious and sympathetic consideration for 1960.[106]

C.S.A. RITCHIE

129. DEA/10170-C-40

Note du chef la Direction du Moyen-Orient pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Middle Eastern Division, to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], April 5, 1960

REMARKS BY DIRECTOR OF UNRWA

This memorandum summarizes remarks made by Dr. John H. Davis, Director of UNRWA, at a meeting on March 30 attended by representatives of the Departments of External Affairs, Trade and Commerce and Finance, and chaired by Mr. Glazebrook.

2. Dr. Davis started by saying that many people in Western countries believe that it is primarily political reasons which have so far prevented the majority of the million Palestine refugees from obtaining employment, and this impression was certainly reinforced by the speeches of many Arab political leaders. He emphasized, however, that economic factors were a much more basic cause of the failure of the refugees to become self-supporting.

3. Developing this point, Dr. Davis mentioned that some 200,000 refugees had managed to find jobs almost as soon as they arrived from Palestine, and had held on to them, and nobody had averred that they were undermining their rights as Palestinians by accepting such employment. Persons in this category, however, were mostly professional or skilled workers. The great mass of the refugees was unskilled labour, since 70 percent of the Arab population of Palestine had been farmers, and the area into which they had moved was already supersaturated with unskilled labour. It was true that Syria and Iraq have a potential for jobs; but it was also true that these countries have had a good deal of unemployment all along, and so it was natural that they had not rushed to open the gates so as to admit a further supply of unskilled labour.

4. Dr. Davis thought that the worst aspect of the problem was the fate of the 300,000 young people who had reached maturity in the twelve years since the refugee problem had been created. These young people did not even have the farming skills and the habit of work of their fathers. They are bright and alert at school, but as they reach maturity, most of their ambition is bound to be dissipated; in other words, a lost generation is arising.

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[106] Note marginale :/Marginal note:
Jan. 20. Discussed this by phone with ME Division and Econ II. Econ II will raise question with T&C and keep us informed. G.L. M[orris].
Une subvention pour de la farine, d'une valeur de 1,5 million de dollars, a été approuvée par le Cabinet le 28 avril 1960. Une subvention additionnelle de 1 million de dollars a été approuvée le 30 juin 1960.
A grant of flour worth $1.5 million was approved by Cabinet on April 28, 1960. An additional grant worth $1 million was approved on June 30, 1960.

5. Several years ago UNRWA got a fairly substantial sum of money for rehabilitation activities; not all of the projects for which it was used were successful, but among the most fruitful were the two vocational training centres (for plumbers, blacksmiths, electricians, mechanics and the like) established in Jordan and Gaza. This year 300 youths finished their courses at the two centres, and all got jobs. Dr. Davis mentioned that the Secretary-General's report on the refugees (Doc. A/4121 of 15 June 1959)[107] had pointed out that the gross national product of the various countries of the area was growing at an average of something like 4% per year (see tables at end of report). This growth was creating jobs for skilled workers, and the various countries were as yet doing very little to create the kind of skills required. This meant that UNRWA would have the field almost to itself, at any rate for the next four to five years.

6. It was for this reason that the Director was seeking, in addition to regular contributions to UNRWA, a sum of $4 million from the World Refugee Year campaign. If he received the full amount, he would hope to do the following:

(a) set up three or four new vocational training schools — one or two in Syria where the greatest job potential in lands harbouring refugees existed, one in Lebanon, and one in Gaza, where use could be made of the buildings of the relatively unsuccessful Agriculture Training Centre established there some time ago and ruined in the 1956 hostilities;

(b) establish two schools for girls in Jordan, one of which would be for office, domestic and industrial workers, and the other for teachers — for which there was an equally great need;

(c) add another 100 to the 90 university scholarships currently being awarded to refugees each year. (These scholarships are confined to Middle Eastern universities because costs are lower and because it is desired to keep the graduates in the area after their training, in order to help in development.);

(d) provide some additional assistance to the "small grants programme" for individual rehabilitation, which has had some success, particularly in Jordan, although admittedly on a small scale.

7. Dr. Davis said that one of his problems was that many people in the West were under the impression that the refugees were essentially a shiftless lot and that the Arab governments would not let them work even if they wanted to. In consequence, potential contributors often preferred to put their money into what they considered to be a more fruitful activity. But the view of such persons was mistaken; the attitudes of the refugees and governments were not as described and there were indeed great opportunities for UNRWA.

8. With the funds that UNRWA hoped to obtain for vocational centres and the like, some 3,000 people would be trained and productively employed. Dr. Davis was under no illusion that this would alter the statistical dimensions of the refugee problem to any significant extent, but the climate of opinion would, he hoped, be altered, and there would be at least a start in breaking out from the bonds that had held this people stagnant. The real value of the vocational training which was now contemplated would be seen some five to ten years from now.

9. Dr. Davis said it was clear that UNRWA itself could not end the refugee problem; powerful external and internal forces — political, economic and social — already at work in the Middle East would eventually resolve the problem, for good or ill. Sooner or later these forces would put the refugees to work, somehow, in some country; and sooner or later the

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[107] Voir/See A. Cordier and Wilder Foote, eds., *Public Papers of the Secretaries-General of the United Nations, Vol. 4: Dag Hammarskjöld, 1958-1960* (New York: Columbia University Press, 1974), pp. 414-36.

forces would help to establish some kind of more stable relationship, although not necessarily a better one from the point of view of both sides, between the Arabs and Israel.

10. Dr. Davis commented that the changes which would in the end resolve the refugee problem in one way or another, might be either explosive, perhaps involving a differen ideology, a centrally controlled government, and much greater Arab unity; or might be mor gradual, involving realization of the potential of the present states of the area in independence and as members of the free world society of nations. It was clearly in the interest of al whether they be refugees, citizens of Israel, or impartial observers from outside the area, tha these changes should take place in an orderly manner; and an essential condition — althoug not a guarantee — that the changes should be orderly was a continuation of the activities o UNRWA. Dr. Davis felt that UNRWA's important role in augmenting and supporting stabilit in the Middle East had been clearly demonstrated during the 1956 and 1958 crises in the area during which the Agency had succeeded in keeping the supplies flowing without a break, an had prevented any serious outbreak among the refugees which might have worsened th situation.

11. In answer to a question regarding restrictions placed on the ability of refugees to mov from one Arab country to another, Dr. Davis said that there was some limitation in the Gaz sector, but that even here, refugees could leave if they had training; 250 teachers, for exampl had left to find employment in the Persian Gulf. Lebanon would be delighted to see most of th refugees leave that country, since they were mostly Moslems and their permanent settlement the country as citizens would destroy the delicate balance between Christians and Moslems the country. (The Christian-dominated Government had already quietly given citizenship many of the Christian Palestinians who had come to the country.) There were no particul restrictions on leaving Jordan, where the refugees were full citizens and where over half of t total number of refugees are located.

12. Dr. Davis went on to mention that another mistaken idea which he had frequent encountered was that the Arab host governments were callously not doing anything for t refugees and that host governments had done little to dispel this view. But, in fact, the ho governments provided land, police services, communications facilities and many other forn of assistance. UNRWA had estimated very roughly that the host governments probably spen total of about $10 million a year as a result of the presence of the refugees in their territori this figure was fairly significant in comparison with the $33 million furnished to the refuge from the rest of the world outside the area through the Agency. These figures do not, of cour take account of the sacrifices incurred by the various countries in terms of potential unrest. answer to a question, Dr. Davis expressed the opinion that about half of the estimated $ million was spent on the refugees' behalf, and half merely because they were there.

13. Dr. Davis gave some indication of the basis for his hopes of obtaining $4 million UNRWA vocational training and similar programmes in the context of the World Refug Year. From the United Kingdom it was hoped to raise £5 to 6 million for WRY purposes a whole, and it was also hoped that the £200,000 already promised by the United Kingd Government would eventually be raised to £500,000. The portion of United Kingdom fu allocated to UNRWA would be used in the first instance to set up a vocational training sch in Damascus, (these schools, including three years' maintenance, cost about $475,000) a possibly also the girls' school for office, domestic and industrial workers in Jordan (para 6).

14. In Germany it was hoped to raise DM15 million for the WRY, including 5 million fr the Government, and UNRWA's share of this would permit the construction of a vocatio training school in Lebanon.

15. The Norwegian Government was giving 5 million kronors out of a total of 18 million to be raised in Norway, but Dr. Davis did not say what UNRWA's share of this would be used for.

16. Dr. Davis concluded his discussion of UNRWA's financial problems by saying that he was counting on a school from Canada, and that the Canadian committee for WRY in Toronto was quite optimistic about their ability to raise funds for the project. The school, if built, would probably be located in Syria in the region of Aleppo, where these were better job opportunities than elsewhere. The United Kingdom school (para 13) would be located in Damascus since, if only one school was to be built, the UAR Government had wanted it to be located in the capital of the region.

17. In answer to a question about the problem of rectifying UNRWA ration rolls, Dr. Davis said that there were 70,000-80,000 persons, perhaps more, in Jordan who were illicitly on the ration rolls, and that there were some 120,000 babies and children born since 1957 who were excluded from the rolls by the Agency. If the ration rolls were rectified, there might therefore be as many as 50,000 names added to the rolls. Some progress had been made over a period in the reduction of the number of persons illicitly on the rolls; 46,000 names had been removed in Jordan over a five-year period.

18. Dr. Davis added, stressing the highly confidential nature of the information, that the Agency was now discussing with Jordan the possibility of holding a census, which might consist of two states, the first consisting of merely an enumeration of all refugees and the second taking into account present earnings and similar factors. The Jordanian Government had asked him if the Agency would be prepared to pay a third of the cost of such a census and he had replied that he would seriously consider doing so but that he would agree only if the principle contributing countries indicated their agreement. He also wanted the Jordanians to agree that they would state in public that they had requested the census. UNRWA would then indicate its concurrence a short while later. This arrangement would ensure that there was no possibility that the Agency could be blamed for attempting to launch an initiative to deprive the refugees of their status. The census, if held, would not take place until September or October of 1960, or even later. In any case, he felt that the Agency would have to go slow with the problem; Jordan had hitherto objected to rectification because of the political unrest that it might cause, and maybe the Jordanians were right, since one of the tasks of UNRWA was admittedly to increase stability in the region.

19. Dr. Davis commented that the inequity in ration distribution in Jordan was not quite as great as it seemed, since the clan or village unit was still very important in the social structure of the refugees. This meant that there was a good deal of mutual assistance and exchange among the members of the group; in other words, the viciousness of the situation was mitigated by the traditional welfare system of the Palestinians themselves.

20. UNRWA had found that the clan system could be used to advantage in other aspects of its activities. For instance, there had been some difficulty with the administration of the Agency's small grants programme when individuals who had been settled on new land in unfamiliar social surroundings had often felt tempted to abandon their new life. Now clan or village groups were being settled together and the resulting arrangement was much more stable.

21. Dr. Davis thought that there had been a definite improvement in cooperation with the host governments over the past year, and that this process would be helped by the provision in the UNRWA resolution recently passed by the General Assembly regarding the Agency's privileges and immunities as a subsidiary organ of the United Nations. Person-to-person relations were extremely important in bringing about good cooperation. On the Agency's part, Dr. Davis hoped that there would be a way of breaking the log-jam of back claims against the

various host governments, going back in some cases as far as ten years. He thought that UNRWA had been a bit sticky on occasion and he was now having the claims sorted out so that those with importance for the future would be maintained, but those which were of a minor nature and referred only to the past might in some cases be left in abeyance.

22. Concluding his remarks, Dr. Davis placed emphasis on economic development as the real basis for a solution to the problem. The Secretary-General had mentioned in his report (Doc. A/4121 of 15 June 1959, para 10 of annex) that net new investment in the area from all sources in the period 1960-70 would have to total $12 billion in order to create jobs for non-refugees, and a further $2 billion (actually $1.7 billion in the report; para 19 of annex) would be required to create jobs for the refugees; but it might well be necessary to invest the major part of the $12 billion first before much progress could be made with the refugees themselves. (The $12 billion would be investment from domestic savings as well as various capital flows from outside. It will be recalled that the economic part of the report concludes by estimating a capital shortfall of $1.5 to $2 billion to be made good from outside the area in the shorter period to 1965, for both general development and refugee employment.)

23. Aid programmes in the area had hitherto been exclusively bilateral, but perhaps in the future more thought should be given to some kind of multilateral approach. One example of this was the Dillon proposals, concerning the coordination of aid programmes, that had been discussed recently in several Western capitals.

24. Dr. Davis made it clear, in his presentation of UNRWA's problems during the meeting, that his chief purpose in coming to Canada was to seek additional funds, both from the Canadian public (through the Committee for WRY) and the Canadian Government, for the Agency and in particular for the Agency's vocational school construction programme. His request for government aid was made even more explicit in his interview with the Minister. I shall be sending you a separate note about this.†[108]

L.A.D. STEPHENS

130. DEA/10170-C-40

L'ambassadeur au Liban
au sous-secrétaire d'État aux Affaires extérieures

Ambassador in Lebanon
to Under-Secretary of State for External Affairs

LETTER NO. 431 Beirut, August 16, 1960

CONFIDENTIAL

Reference: Our telegram No. 68 of August 9, 1960.†

UNRWA VOCATIONAL TRAINING CENTRE

As reported in our telegram under reference, the UNRWA officials have decided to earmark the contribution received from the Canadian Committee for World Refugee Year and the funds made available through the additional Canadian gift of flour for the construction of a vocational training centre for boys in Lebanon rather than in Aleppo as previously intended. The original plan was to use the West German contribution for the Lebanese centre. However, it now appears that the West German contributions have been delayed and, in any event, are

[108] Notes marginales :/Marginal notes:
Noted. N.A. R[obertson].
Mr. Ritchie to see. [N.A.] R[obertson].

likely to be less substantial than originally expected. Since first priority is to be given to the Lebanese project, the Director has decided to allocate Canadian funds to it and to reserve the West German contribution for a less urgent undertaking.

2. The present objective is to open a Vocational Training Centre in Lebanon in September 1961 and this timetable must be adhered to closely if the whole programme of operations prepared by the UNRWA authorities is to be completed in the three years of the extended mandate period. The plans are not yet finalized; UNRWA is now engaged in negotiations with the Lebanese Government in order to obtain a suitable location. The Agency has two building-sites in mind; although we do not know their exact location, we have been given to understand that they may not be in the immediate vicinity of Beirut.

3. The UNRWA authorities fully agree that the Canadian contribution should be adequately publicized. They have not yet decided how this end would be achieved, but they have in mind proposals such as a reference to Canada in the name of the centre, the installation of a permanent plaque mentioning the role of Canada or something of this kind. Any suggestion from you would be welcome. Needless to say the Canadian Embassy will be invited to take part in the opening ceremonies.

4. It is the Committee for World Refugee Year for the Province of Nord-Rhein-Westfalia in West Germany which has offered to equip a Vocational Training Centre for UNRWA. The Agency would like to take advantage of this contribution since it previously intended to purchase most of the equipment from West Germany. It is realized however that the Canadian Government might prefer that contributions from Canada be used exclusively. The Agency has therefore asked whether you would have any objection to Canada being the largest, but not the sole donor in this case. The officials believe that the necessary equipment is not available in Canada, at least not on such favourable economic terms, but we are not in a position to confirm this point.[109]

PAUL BEAULIEU

131.

DEA/10170-C-40

L'ambassadeur au Liban
au secrétaire d'État aux Affaires extérieures

Ambassador in Lebanon
to Secretary of State for External Affairs

DESPATCH NO. 564 Beirut, October 18, 1960
CONFIDENTIAL
Reference: Our despatch 549 of Oct. 11, 1960.†

CONDITIONS OF THE PALESTINIAN REFUGEES IN JORDAN

According to the Annual Report of UNRWA operations for 1959-1960, the total number of Palestinian refugees is now 1,120,889 of whom 613,743 are living in Jordan. The total population of the country in 1955 was 1,500,000. Allowing for normal increase, it is reasonable to conclude that, by 1960, more or less one third of its inhabitants come from that part of Palestine which is now Israel. Such a high proportion of allogeneous elements would be difficult to absorb in any state. The problem becomes almost insuperable when, as it is the case

[109] Note marginale :/Marginal note:
Seen by the Minister. 12/9/60. [Ross Campbell]

in the Hashemite Kingdom, the possibilities of economic development are too small to have any hope that the added population could ever live a normal life within the present boundaries of the state.

2. However, it would be wrong to imagine that half a million refugees are packed in secluded areas, that they live exclusively on UNRWA's relief distributions or that their sole activity is to wait indefinitely for a problematical return to their former homeland. In fact, while jealously maintaining their identities as refugees, most of them are integrated into Jordanian life and perform a useful activity.

3. The Jordanian Government, alone among the host governments, granted full citizenship to the refugees. The significance of political integration may be doubted, since Bedouin elements still have the upper hand in the country; social integration however is very much advanced. Only 31% of the refugees are at present living in camps. The others have settled throughout the country, particularly in the main centres. While visiting the country at the beginning of October, Mr. Cousineau was told that there was scarcely a village in the country which did not harbour one or more refugee families. The result is that after twelve years the former Emirate of Transjordan has been transformed. The modern Amman (population more than 200,000) has been developed largely by refugees. The two camps near the capital have become for practical purposes wards of the city. Before 1948 the Jordan River was a fairly well accepted international boundary; now the Jordan valley is becoming more and more a unit and former Palestinians may have become the majority of the population in the zone between the valley and the outskirts of Amman where the desert begins. The distinction between peoples originating from the East or the West Bank is still very much alive in people's mind but no longer corresponds to a geographical distribution of the population. Whatever the future holds in store for the state of Jordan, it should be realized therefore that the separation of the East from the West Bank would be almost as painful as the division of Palestine in 1948 since it would involve new divisions between families, friends, business associates, etc. and wipe out the progress made so far in the reintegration of the refugees.

4. Most refugees are now economically integrated. The basic diet distributed by UNRWA is clearly insufficient for the average adult (it does not include any meat) and must be supplemented. All able-bodied refugees have felt compelled to seek some form of employment. Since they continue to receive UNRWA assistance, they are satisfied with much lower earnings than the other Jordanian citizens. They provide therefore very cheap labour force in both rural and urban areas. Only in very large camps located in unpromising areas does one find a substantial proportion of able-bodied refugees still unoccupied.

5. This situation raises the problem of the number of refugees who could manage without UNRWA assistance. The refugees are most reticent about their revenues and no statistics are available. However the Agency's officials are prepared to admit that a good proportion of refugee families, particularly among those not living in the camps, could manage without receiving UNRWA's assistance. As a rule however, the refugees cling to their cards and are claiming all the assistance they can whatever their other means of livelihood. In some areas, this attitude may be a means of emphasizing their belonging to the refugee groups as a social entity.

6. It is a fact that while social integration is going on, all refugees remain conscious of belonging to a special group. They have kept a vivid memory of their former land even in the few cases when they are better off in the new one. It is well known that the refugees are always insisting in their right to return to their 'homeland'; the latest Annual Report for UNRWA activities acknowledges this point once again. How many would effectively return, given the opportunity, is a moot question. But unless some form of settlement of the Palestinian problem

is eventually accepted by the bulk of the refugee population their complete integration in the country in which they now live remains impossible.

7. One of the factors which maintains feelings of separateness among the refugees is their superiority complex toward the native from the East Bank. This complex existed long before the Palestinian war and originated no doubt in the days of the Turkish occupation when the East Bank was peopled mostly by nomad Bedouins and a few wretched farmers. The non-Bedouin population of the East Bank increased substantially between the two World Wars and has now reached a standard of living comparable to the Palestinians; it also belongs to the same racial stock as the refugees; but it continues to be despised by both the Palestinians and the Bedouins.

8. Even well-off Palestinians are prone to compare the present conditions of life to the situation in the good old days of the mandate. It is true that the educational standards for instance have deteriorated since the mandate period. We have heard many complaints that students are less fluent in English than their parents. This probably applies to other branches of education as well. The general level of education was fairly high in Palestine during the Mandate but certain classes — particularly the urban people and the Christians — received much better education than the rest of the population. The current UNRWA system enables as much as 90% of the refugees' children to attend school.

9. This feature further helps to transform the traditional Palestinian society, already shaken by the impact of the war. Old customs are breaking up even more rapidly among the refugees than in other Arab countries, but it is still difficult to forecast what form the new society will take. It is noteworthy however that the social transformations have not been accompanied by any marked decrease in morality in Jordan as proven by the low level of ordinary crimes committed among the refugees. (In Lebanon, on the other hand, pretty crimes among refugees are said to be increasing.)

10. The general conditions described above would apply more or less to all refugees groups in Jordan. However, the present mood of the refugee population would appear to differ according to the age groups. Among the older elements (roughly those above 40) some were able to salvage enough capital or were resourceful enough or had a stroke of luck; these have managed to find good living conditions. The remainder, which make up the majority, have not been able to adapt themselves fully to the new conditions; it is unlikely that these will ever live a normal life again. They are completely "désaxés," apparently unable to resume their former activities or learn new ones. They are entirely dependent on UNRWA's care or on the earnings of the younger generation. It is the general consensus of UNRWA officials that they will be in need to receive some form of public assistance for the rest of their life.

11. The situation of those refugees who are now between 20 and 40 years old may be even more tragic. Their normal life was broken at the time when they were about to receive higher education or to start a normal career. While they have usually been able to find jobs and earn some money, they feel that they would have a much better life had they been allowed to remain in their native area. They are therefore most bitter against almost everybody and generally discontented. They comprise the most vocal group among the refugees nowadays and this helps to explain how the general atmosphere appears not to be improving and indeed to be worsening in the last ten years. They are still young enough however to entertain hopes that their situation could improve and may be prepared to accept some form of settlement to this end.

12. The prospects of the younger generation are better. Adolescents have only a dim remembrance of pre-1948 conditions. They have been able to benefit from the educational facilities of UNRWA. The more promising ones have received educational scholarships or are trained in vocational schools; this favoured group comprises of course a small proportion even

of the younger population. The other adolescents have less opportunities to improve their fate but they are said to be eager to learn and to have no objections to leaving the country when they believe they can find suitable employment in other Arab states.

13. While the overall situation is rather bleak, the prospects for an eventual solution of the refugee problem are compromised even further by the extent to which prejudices, misconceptions and plain untruths are prevailing among them. One may argue that Communist or Arab-Nationalist propaganda is largely responsible for this situation but after meeting a large number of refugees and speaking to even the more moderate elements one gets the impression that the bulk of the refugees are genuinely convinced and that their feelings antedate the work of any propaganda; it may rather be the case of set opinions which were made up spontaneously to explain away the shock of the 1948 events. The majority of the refugees now profess to believe, for instance, that there was little or no fighting in 1948 and that certainly the Arabs were never defeated; the Palestinian Arabs were tricked or rather betrayed so that once they had evacuated Palestine a truce was concluded which prevented them from going back. Similarly, a good many refugees are absolutely certain that King Abdullah, the grand-father of King Hussein, sold parts of Palestine to the Jews; this feeling is particularly strange in light of the fact that the Arab Legion of King Abdullah was the only Arab army to recover ground from the Israelis in 1948. Most refugees claim as a matter of course that the Western nations and particularly the U.K. and the U.S. are primarily responsible for all the tragedies that have befallen them.

14. These conceptions appear to be so deeply ingrained among the refugees that one wonders whether they could ever be corrected. They affect the whole refugee attitude toward the present régime which is suspect in their eyes not only because it is directed by despised non-Palestinians but also because it is the heir to those accused of betraying the Palestinians in 1948. On the other hand, while a large number of refugees and probably a majority of them condemn the present Jordanian régime in principle, most refugees appear to get on with it peacefully in practice. We have had little occasion to check the popularity of the King among the refugees but we have the impression that the great majority of the refugees are rather passive in this respect. No trouble or sign of emotion was noticed in refugee camps when Prime Minister Majali was assassinated.

15. *Conclusion.* One may consider the refugee problem from a humanitarian or from a political point of view. Under its terms of reference UNRWA has looked into the problem primarily from a humanitarian point of view. It has done magnificently on this score and the situation of the refugees has improved considerably since 1948. The Jordanian Government appears to have done its share as well. The conditions of the refugees could no doubt be improved further but it would be hard to contemplate the implementation of basic measures which could transform the lot of the bulk of refugee population unless these measures were of a political character. On this score, however, the situation of the refugees has remained stationary in the last twelve years and there is little likelihood of major change in the near future.

16. Meanwhile, a growing number of people are living under unnatural conditions in one of the most unstable areas of the world. Jordan has been irreversibly transformed, politically, socially and economically by the presence of the refugees. These transformations could be said to be desirable, were it not for the excess of population which cannot possibly be integrated in the country. The alternative facing the Western countries is that more than half a million people will be transferred willingly at some time in the future from the present area of Jordan so as to allow the integration of the other refugees or that the West will continue to subsidize all the refugees for an indefinite period.

PAUL BEAULIEU

132.

DEA/10170-C-40

Le sous-secrétaire d'État aux Affaires extérieures à l'ambassadeur au Liban

Under-Secretary of State for External Affairs to Ambassador in Lebanon

LETTER NO. ME-297 Ottawa, October 18, 1960

CONFIDENTIAL

Reference: Your telegram 92 of October 11.†

UNRWA VOCATIONAL TRAINING SCHOOLS

Attached is a copy of a memorandum setting forth Departmental views on the location and equipping of the vocational training schools to be financed by the Canadian Government's donation of $1,000,000. The Minister has indicated approval of the proposals made in this memorandum.

You may, therefore, proceed to discuss in more concrete terms with UNRWA officials their plans for the location in Lebanon of the first of the two schools. You might also use this occasion to express Canadian interest in having the second school located in Syria (without excluding the alternative possibility of a site in Gaza), and to secure whatever further assurance or information may be forthcoming about UNRWA intentions in this respect. We shall appreciate your comments, particularly on UNRWA's proposals for the Lebanese site.

On the question of equipment for the Lebanese school, we would much prefer that this could be provided entirely with Canadian funds (which apparently more than covers the total requirements), or at most with the addition of anonymous contributions. The essential point, in any event, is that the school should be identified as a specifically Canadian donation, and that we would hope to have this explicitly conveyed in the name of the institution.

Should it appear that UNRWA officials would have undue difficulty in allocating the relatively small German contribution other than towards equipment for the school, we would be interested in knowing to what extent they would envisage this as requiring specific recognition on the premises. As mentioned in your telegram number 82 of September 9,† the German contribution would be likely to provide less that one-third of the equipment. It would seem that a contribution of this order might be adequately recognized without detracting from the designation of the school as a uniquely Canadian gift. We shall be interested to have the reactions of UNRWA officials to these views.

L.A.D. STEPHENS
for Under-Secretary of State
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

Note du sous-secrétaire d'État par intérim aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Acting Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], September 9, 1960

UNRWA VOCATIONAL SCHOOLS

In his telegram 68 of August 9† and his letter 431 of August 16 (copies of which are attached) our Ambassador in Beirut informed us that the UNRWA authorities wished to proceed with the establishment of a vocational school in Lebanon. The school building would be financed out of the proceeds of the Canadian Government's gift of flour and the technical equipment worth about $20,000 (100,000 DM) would be paid for out of the contributions of a West German regional (North Rhine-Westphalia) World Refugee Year voluntary committee. The views of the Canadian authorities on this plan were requested by UNRWA.

You will recall that, during his visit to Ottawa last March, Dr. Davis, the Director of UNRWA, estimated at about $475,000 the cost of one vocational school, including equipment and operational expenses for a year. The special governmental donation of one million dollars worth of wheat flour should therefore provide the overall financing of two schools. It seems to us that there would be considerable advantage in obtaining from the start an indication from UNRWA of the proposed location of both these schools. We see no reason why one of these institutions should not be established in Lebanon, where the Government and the population are well disposed towards UNRWA and Canada. However, we wonder whether this site should be accepted "instead of Aleppo," as the Beirut letter has it, unless of course UNRWA no longer wishes to set up a school in Northern Syria (but there is no indication of this). You may recall that Dr. Davis, when in Canada earlier this year, specifically referred to Aleppo as the possible site of a Canadian-financed school. Aleppo is the centre of an economically extremely promising and already wealthy region, and carries much political weight within Syria. It is the business headquarters of the Jezirah area, noted for the rapid development of new land through mechanized agriculture (some Canadian agricultural machinery has been sold there), and destined to further expansion when irrigation works are undertaken on the Euphrates and Khabur rivers. There is much to be said for making Canada's name known there through a technical school: we should reap benefits in terms of political goodwill and perhaps even of trade advantage. If we renounce this site, we suspect UNRWA will have no difficulty in finding another sponsor. One other school site UNRWA has in mind, Gaza, might prove of interest from the Canadian point of view, because of our participation in UNEF.

The second question raised by UNRWA's enquiry relates to the proposed purchase by UNRWA of the technical equipment for the school out of West German voluntary donations. In this connection, the following considerations would seem to apply: (a) the German funds represent voluntary contributions, not a (possibly "promotional") offer from a German industrial concern; (b) it is desirable that all possible contributions to UNRWA, even relatively small, should be used and encouraged; (c) on the other hand, the Canadian and German (100,000 DM) contributions in this case are not commensurate, and (d) it is desirable in Canadian terms that the school be clearly recognizable as a strictly Canadian donation. Perhaps these facts and requirements can be reconciled if UNRWA were to agree that the school be recognized (and inscribed) as, e.g., "UNRWA Technical School — Gift of the People of Canada," or possibly "Lebanon-Canada Technical School — UNRWA." The German donation might be adequately recognized through a modest plaque or plaques, in the workshop(s),

indicating that the technical equipment of the school were a gift of the German WRY committee of North Rhine-Westphalia. Nevertheless, it would of course be preferable if the equipment were purchased out of Canadian or "anonymous" UNRWA funds.

I should like your approval to:

(1) Discuss with UNRWA officials the location of the two "Canadian" schools, lending our tentative support to establishments in Syria and the Lebanon without, however, excluding the possibility of the Gaza site;

(2) Give UNRWA a clear indication that we should prefer the schools largely financed by Canadian funds to bear a uniquely Canadian label of origin and that we think the relatively modest German contribution involved might be devoted to some other useful purpose.[110]

A.E. R[ITCHIE]
for Acting Under-Secretary of State
for External Affairs

133.

DEA/10170-C-40

L'ambassadeur au Liban
au secrétaire d'État aux Affaires extérieures

Ambassador in Lebanon
to Secretary of State for External Affairs

TELEGRAM 103

Beirut, November 7, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: Your Let ME-297 Oct 18.

UNRWA VOCATIONAL TRAINING CENTRES

UNRWA authorities are still discussing exact location of Lebanese vocational training school with local authorities. They are planning to locate second Canadian school near Aleppo but Gaza remains a possibility.

2. UNRWA authorities have learned that funds to be received from Canadian Committee for World Refugee Year will amount to 241 thousand dollars. Total Canadian assistance (i.e. WRY contribution plus Canadian government donation) will therefore cover more than cost of two above mentioned schools. Intention [of] UNRWA is to use surplus for girls vocational school in Jordan. Funds from UK and perhaps Australia will also be allocated this school in Jordan.

3. Germans have made no repeat no request for publicity in connection with their offer of technical equipment. UNRWA plans to identify school as specific Canadian donation and not repeat not to recognize German contribution in premises except for name of company on the equipment. Since UNRWA will purchase European equipment in any case, acceptance of German equipment for Canadian schools should not repeat not further impair designation of schools as uniquely Canadian gifts. This seems to meet your wishes.

4. Please inform urgent decision concerning use of German aid under these conditions.

[P.] BEAULIEU

[110] Note marginale :/Marginal note:
OK. H.C. G[reen] 12/9.

134. DEA/10170-C-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur au Liban

Secretary of State for External Affairs to Ambassador in Lebanon

TELEGRAM ME-144 Ottawa, [December], 11, 1960
CONFIDENTIAL. OPIMMEDIATE.
Reference: Your Tel 103 Nov 7.

UNRWA VOCATIONAL TRAINING CENTRES

We have no repeat no objection to use of German contribution of technical equipment in "Canadian" vocational training schools under conditions stated in paragraph 3 of your telegram under reference.

2. Please keep us informed of developments in respect of location of the school in Lebanon.

3. We assume that UNRWA authorities are arranging with Canadian non-governmental agencies concerned (whether through Canadian World Refugee Year Committee or more directly) details of disposition and recognition of their contributions totalling $241,000. You might wish to confirm this with UNRWA since we would want to ensure that no repeat no misunderstanding should arise over responsibility for disposition of these funds from non-government sources in Canada.[111]

SECTION G

ANNÉE MONDIALE DES RÉFUGIÉS
WORLD REFUGEE YEAR

135. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 58-60 [Ottawa], February 18, 1960
CONFIDENTIAL

WORLD REFUGEE YEAR — EXTENSION OF THE PROJECT FOR THE ADMISSION OF TUBERCULOUS REFUGEES

On the basis of the latest estimate, it appears that the Federal Government's expenditure for the treatment and rehabilitation of the one hundred tuberculous refugees and their families will not exceed $225,000 during the initial year (explanatory statement attached). The maximum

[111] Voir « Secours aux réfugiés de Palestine », *Affaires Extérieures*, vol. 13, n° 9 (septembre 1960), pp. 307 à 310.
See "UN Relief for Palestine Refugees," *External Affairs*, Vol. 13, No. 9 (September 1960), pp. 303-305.

amount authorized for the first year was $600,000, approved by Cabinet on September 11, 1959.

In these circumstances the question arises whether consideration might be given to extending the programme. The following possibilities might be considered (subject to discussion with the United Nations High Commissioner for Refugees and the provinces):

(a) Probably additional cases of families with one TB patient could be admitted. It would be necessary to consult at the outset with the High Commissioner for Refugees, who would be warned that the additional cost to the Federal Government of an extension of the programme would keep total expenditure within the $600,000;

(b) If the available number of additional families with one tuberculous member did not use all available funds, consideration might be given to the inclusion of a few families with more than one member afflicted by tuberculous;

(c) Similarly, a few unmarried persons suffering from tuberculosis might be included.

(d) Should it appear that there are not enough suitable refugee families containing tuberculous cases for selection within the extended programme, consideration might be given in consultation with the High Commissioner for Refugees to the selection of a number of families containing members who have some other handicap. A number of refugees suffering from miscellaneous handicaps have been settled in such countries as New Zealand and Australia at relatively little cost.

Statements which have been made by a number of provincial governments at present co-operating in the tuberculous refugee scheme would indicate that these governments would be prepared to make a substantial contribution to the hospitalization costs of an extension of the project. It therefore seems possible that a large number of additional families could be placed in provincial sanatoria without great cost to the Federal Government.

Recommendation

(a) That the Secretary of State for External Affairs be authorized to announce that details of an extension of the tuberculous refugee plan (involving no expense to the Federal Government beyond that originally contemplated in connection with World Refugee Year) are being worked out in consultation with the United Nations High Commissioner for Refugees and with the provincial governments and that it is hoped that arrangements may be made for the admission of additional tuberculous cases and possibly other categories;

(b) That the details of the extension be worked out by the Secretary of State for External Affairs in consultation with the Ministers of Citizenship and Immigration, Finance and National Health and Welfare and with the provincial governments and the United Nations High Commissioner for Refugees, such extension to be on the understanding that provincial governments would be encouraged to contribute as much as possible to the programme and that the total cost to the Federal Government of both the original programme and the extension during the period ending December 31, 1960, should not exceed $600,000.

H.C. GREEN

[PIÈCE JOINTE/ENCLOSURE]

Annexe I
Annex I

On September 11, 1959 Cabinet considered a proposal for a special Canadian contribution to World Refugee Year. [112] It was agreed that it should be announced that Canada's special

[112] Voir/See Volume 26, document 43.

contribution to the World Refugee Year would be the admission of about 100 tuberculous refugees together with their families and that the tuberculous patients would be treated at public expense. It was also agreed that the details of the plan should be worked out by the Secretary of State for External Affairs in consultation with the Ministers of Citizenship and Immigration, National Health and Welfare and Finance and with provincial governments, on the understanding that the provincial governments and the Canadian Committee for World Refugee Year would be encouraged to contribute as much as possible and that the total cost to the Federal Government during the first year should not exceed $600,000.

The estimated maximum cost to the Federal Government of $600,000 was based upon information available to the Government at that time. It was agreed that selection of the tuberculous refugees to be admitted to Canada should be left to the United Nations High Commissioner for Refugees and it was believed possible that a substantial proportion of the cases selected might be in advanced stages of the disease and would, therefore, require prolonged periods of hospitalization. It was also thought that many of the refugee families, having lived for ten years or more in refugee camps, would require a number of months of public maintenance before they would adjust sufficiently to life outside the camps to be able to accept employment. It was, however, understood that the $600,000 estimate was the maximum which the Federal Government might be called upon to spend in the first year of the project and it was hoped that some reduction below this level might be possible.

By the end of January, most of the one hundred refugee families selected had arrived in Canada and had been examined at provincial sanatoria. It became increasingly clear that the majority of tuberculous cases selected by the High Commissioner for Refugees could be described as "minimal or very mild cases." It also appeared that the majority of families were adjusting to life in Canada more quickly than was anticipated and would become largely self-supporting at an early date. In addition, the provincial governments have agreed to accept a larger share of financial responsibility for the hospital costs of these cases than was expected last September. It now appears that the Federal Government may quite possibly have to pay costs of hospitalization for no more than six tuberculous cases beyond the month of March and that no more than ten refugee families will require Federal support beyond the month of April.

In view of these factors, the Immigration Branch has prepared a revised estimate of the probable cost of the project to the Federal Government up to December 31, 1960. It does not appear that substantial expenditures will be incurred by the Government in connection with this project beyond the end of the calendar year 1960. The Immigration Branch has estimated that, on the basis of the present prognosis for the hospitalized cases and the rate at which the refugee families are becoming self-supporting, the total cost of the programme to the Federal Government to December 31 will be about $190,000. To allow for unforeseen contingencies, the Immigration Branch has suggested that an additional $35,000 be set aside, making a total estimate of $225,000. It therefore appears that the actual Federal expenditure in the initial year will be at least $375,000 less than the $600,000 maximum Federal expenditure agreed to by the Cabinet.[113]

[113] Approuvé par le Cabinet le 1er mars 1960./Approved by Cabinet on March 1, 1960.

136.

PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 393-60
CONFIDENTIAL

[Ottawa], November 28, 1960

MOVEMENT OF THIRD GROUP OF TUBERCULAR REFUGEES TO CANADA

This submission seeks authorization for the movement to Canada of a third group of tubercular refugees from the refugee camps in Europe.

2. There have been two previous movements to Canada of tubercular refugees. The first group of 344 persons (100 families), of whom 100 suffered from tuberculosis, came to Canada during December, 1959 and January, 1960. The second group of 209 persons (39 families), of whom 111 suffered from tuberculosis, came to Canada in July and August of this year.

3. The refugees who came to Canada in the two previous movements have been even more successful than it was expected that they might be, in adjusting themselves to the Canadian environment and becoming established in this country. The majority of them are on their way to becoming self-supporting. June 1960 marked the end of the World Refugee Year, and, in this context, Canada's contribution to the lessening of the problem of the handicapped refugees has been much appreciated here and abroad.

4. Because of relatively rapid settlement of the two previous groups of tubercular refugees, it is expected that a substantial portion of the $600,000 special fund, which was set aside to meet their expenses, will remain unspent this fiscal year. It is expected that this portion, once the financial encumbrance owed to the Department of National Health and Welfare has been deducted, will be in the neighbourhood of $190,000.

5. Preliminary inquiries as to the number of tubercular refugees who remain in the European refugee camps have been made by officials of the Departments of External Affairs and Citizenship and Immigration. We understand from the Office of the High Commissioner for Refugees in Geneva, that there are available, particularly in Germany, enough tubercular refugees to make possible the movement of a third group to Canada during this fiscal year. As Canada has already made so substantial a contribution to World Refugee Year, this would be an opportunity to utilize the experience gained by continuing its efforts to alleviate the refugee problem. If Canada can make another humanitarian effort this year, it will go some considerable way toward reducing the numbers of handicapped refugees who must still live in the European camps. It is anticipated that the third group would have about a hundred tubercular refugees, and with their families might involve between two and three hundred persons who would come to this country. Judging from our experience with the other two groups, it is thought that this might result in an over-all expenditure of approximately $130,000.

It is Therefore Recommended

that authorization in principle be given to consult with the provincial governments and with the United Nations High Commissioner for Refugees, with a view to implementing the movement to Canada of a third group of tubercular refugees, the initial expenses for which

(covering transportation costs and initial incidental expenses of approximately $70,000) would be made from the unexpended portion of the $600,000 special fund.[114]

H.C. GREEN

2e PARTIE/PART 2

ACCORD GÉNÉRAL SUR LES TARIFFS DOUANIERS ET LE COMMERCE
GENERAL AGREEMENT ON TARIFFS AND TRADE

SECTION A

SEIZIÈME SESSION DES PARTIES CONTRACTANTES
SIXTEENTH SESSION OF THE CONTRACTING PARTIES

137. DEA/14052-1-40

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

TELEGRAM 333 Paris, March 31, 1960

CONFIDENTIAL. PRIORITY.

Repeat London, T&C London, Washington, NATO Paris, Rome, Brussels, Hague, Bonn, Geneva, Finance, Bank of Canada, PCO, T&C Ottawa (Priority) from Ottawa (Information).

By Bag Oslo, Copenhagen, Madrid, Stockholm, Berne, Vienna, Dublin, Lisbon, Athens, Ankara from London.

GATT 16TH SESSION

Following from Canadian Delegation to Paris Trade Committee. On initiative of Wyndham White discussions were arranged yesterday with Executive Secretary Royer, Americans and ourselves concerning various GATT matters. Americans present included Mann, Leddy and Hadraba.

2. Following major issues which will be coming up at 16th Session were discussed:

(i) *Rome Treaty.* Present provisional agenda for 16th Session envisages a voluntary statement by the Six regarding general developments in Common Market. There is no repeat no separate item requiring the Six to report on specific aspects of Rome Treaty in accordance with procedures of paragraph 7 of Article XXIV of GATT. As far as agriculture is concerned, in view of restrictive aspects of proposals of Common Market Commission and the real possibilities that what might emerge from further consultations among the Six regarding EEC agricultural policy will be even more restrictive of trade, the feeling was that it would be most important for Contracting Parties to conduct a substantive discussion of this aspect of EEC arrangements at 16th Session. Failure to do so would leave the impression that Contracting

[114] Approuvé par le Cabinet le 14 décembre 1960./Approved by Cabinet on December 14, 1960.

Parties were not repeat not dissatisfied with the kind of arrangements presently envisaged in proposals of the Commission and an implicit acceptance that GATT rules are not repeat not relevant to trade in agricultural products. Presumably these discussions could take place on basis of present agenda item. (While on subject of agriculture Wyndham White reported that he had received info that consideration was being given by EEC Commission in Brussels to possible need for withdrawing all GATT tariff bindings on agriculture in order to permit application of variable import levies as envisaged in Commission's proposal. No repeat no action would be taken on this until after 1960/61 Tariff Conference because of difficulties this could create for the Six in the negotiations.)

Other specific aspect of Rome Treaty which was discussed related to level of Common Market Tariff. We referred to desirability of including a specific item in agenda of 16th Session on this point. This would be based on reference in report of Committee I (which was approved by Contracting Parties at Tokyo Session) to need for Contracting Parties at 16th Session to consider general level of common tariff in light of paragraphs 4 and 5A of GATT Article XXIV. Wyndham White had envisaged that this could be dealt with in context of forthcoming Tariff Conference. However we indicated that it might be desirable to provide machinery for considering general level of Common Tariff in advance of Tariff Conference and Wyndham White undertook to add this item to agenda, on his own initiative, if on basis of a review of GATT documentation including report of Committee I, he would be justified in doing so.

Regarding acceleration of implementation of Common Market tariff GATT Secretariat are inclined to view that any increases in bound rates prior to their renegotiation would involve a contravention of contractual obligations under GATT. Accordingly, if we were to accept such increases in advance of renegotiations it would be desirable to grant a waiver from these contractual obligations in order to safeguard GATT principle. Royer has mentioned these legal implications to French authorities who had apparently not repeat not taken them into account in putting forward their initial proposals for acceleration. Feeling was that this was an aspect which would need to be put more clearly before European Six in relation to Hallstein proposals. (We of course have already referred in Paris Trade Committee discussions to appropriateness of delaying any increase in bound rates until these were renegotiated but more on basis of procedure than in legal terms).

(ii) *European Free Trade Association*. Wyndham White referred to procedures for dealing with EFTA Convention in GATT and indicated that he had tried to persuade UK and other EFTA countries not repeat not to seek GATT approval of their convention under paragraph 10 of Article XXIV. He maintains that paragraph 10 is intended to meet minor deviations from principles of a FTA rather than major exception which exclusion on agriculture would involve. Further he feels that to accept exclusion of agriculture from EFTA in terms of paragraph 10 would be a further indication that Contracting Parties are prepared to accept that GATT Agreement is not repeat not relevant to agricultural trading arrangements. On basis of this Executive Secretary's suggestion is that a waiver under Article XXV would be best way of dealing with this lacuna. Such a waiver would not repeat not involve an endorsement of agricultural arrangements of the Seven and in his view these should remain subject to normal GATT provisions.

Regarding bilateral agreements for agriculture as envisaged in EFTA Convention, EFTA countries are apparently not repeat not intending to put these before Contracting Parties at 16th Session. Since however these are a major part of EFTA arrangements Wyndham White takes view that Contracting Parties should insist on having texts of these agreements made available to them as part of their examination of convention.

(iii) *Montevideo Treaty*. Wyndham White indicated importance he attached to having at least a preliminary examination of Latin American FTA Treaty at 16th Session. He indicated however that he was appreciative of timing problem and in view of our earlier comments had now arranged that procedure for submitting questions should be same as was followed in dealing with EEC and European Free Trade Association. He did not repeat not feel however that Latin American countries would have sufficient time to prepare adequate replies to questionnaire.

(iv) *Committee I –Possible Negotiations with Poland.* Procedure envisaged by Executive Secretary is that Poles would conduct bilateral consultations in course of 16th Session and if it became clear that a number of countries would be prepared to enter into negotiations with Poland during Tariff Conference, Poland should take initiative in arranging for joint consultations with these interested countries. If a basis is found for Polish participation in Tariff Conference it will be necessary to consider what changes may be required in tariff negotiating rules drawn up by Committee I.

(v) *Committee II.* Discussions related primarily to nature of interim report that Committee II should make to Session. It was generally felt that this should be confined to a factual report of scope and nature of restrictions maintained on trade in agricultural products which have emerged from consultations which have already taken place and which would indicate serious nature of these restrictions as they affect trade in agricultural products. Longer term conclusions should be left till later in order to have more time to consider them.

One particular problem referred to by Executive Secretary was need for reaching some understandings regarding barriers to trade on agricultural products which would make it possible for agricultural exporting countries to participate in 1960-61 tariff negotiations. It was left that this aspect of problem should not repeat not be referred to in interim report of Committee II but could be brought up in general discussions at time report is referred to the Contracting Parties.

(vi) *Committee III*. Wyndham White reported that last Committee III consultations were reasonably successful and that less developed countries were reasonably satisfied with progress being made. He referred to Tokyo discussions in which more industrialized countries were asked to voluntarily come forward with offers of any action they may be prepared to take to facilitate imports from less developed countries.

(vii) *Market Disruption - Low Cost Imports*. Factual study which is being prepared by GATT Secretariat is expected to be circulated to Contracting Parties about three weeks in advance of session. Wyndham White indicated that while this report would add little to what we already know on this subject, it would be useful in carrying forward discussions. He considered that suggestion which had been put forward by USA for a panel of experts would not repeat not contribute to finding effective solutions. He thought that in end it might be necessary to authorize discriminatory measures and this was not repeat not precluded under Article XXIII. What he envisages is a procedure under XXIII whereby countries would consult exporting country concerned with a view to reaching a mutually satisfactory settlement. If agreement could not repeat not be reached the matter could then be referred to Contracting Parties and considered by a consultation panel. In his view a procedure along these lines would at least have advantage of requiring countries to make a case before special measures are authorized; and this would rule out unjustified measures. He suggested that it would be useful to consider this line of approach at 16th Session and to establish a working party for this purpose.

(viii) *Quantitative Restrictions*. It will be necessary at this session to explore best way of dealing with the remaining QRS maintained by countries as they move out of balance of payments difficulties. Italians have not repeat not yet made up their minds on how to deal with their remaining restrictions through GATT although indications are that they may be coming

forward with their programme for dismantling them. Dutch also indicated at Tokyo Session that they would be reporting on their programme for dealing with their remaining restrictions. UK however have indicated to Wyndham White that they do not repeat not intend to submit their negative list to Contracting Parties and if countries are to address themselves to remaining restrictions in UK it would be up to interested countries to make a formal complaint. French are intending to take a similar line. In this situation if a repetition of very difficult conflict which arose in relation to German restrictions is to be avoided, agreed procedures need to be worked for dealing with other countries. Executive Secretary is of view that if Italian restrictions were pursued in same way as was done in the case of Germany there would be serious danger of the Six as a group being even less forthcoming in their GATT relations. Two possibilities have been suggested, one is that use should be made of procedures of Article XXIII. In this case however it would be up to individual countries to formally raise matter in GATT forum. Alternative would be to seek a procedure under which the country concerned would voluntarily submit a list of their remaining restrictions to Contracting Parties and this could provide a basis for discussion. This procedure would probably need to be generalized and would require all Contracting Parties including Canada to submit a list of items which are subject to quantitative restrictions.

3. Apart from specific trade issues likely to come up at 16th Session question of GATT organization is becoming increasingly important and urgent. Wyndham White is seriously concerned that unless action is taken without delay to strengthen the GATT organization at a time when proposals are being discussed for a revised OEEC, prestige of GATT in Europe which is already at a low ebb would be further weakened. He has particularly in mind that if USA is prepared to submit to Congress an Organization for Economic Cooperation they should be prepared to similarly to take steps to strengthen their participation in the Organization for Trade Cooperation. At present time he is not repeat not pressing USA to submit to Congress OTC agreement (and Mann has made it clear this could not repeat not be done) but he did raise question of possibility of early definitive acceptance of General Agreement as envisaged under Article XXVI of GATT.

4. As regards 16th Session Wyndham White indicated that he proposed to put forward need for immediate establishment of a permanent executive body for GATT which was discussed at Tokyo Session. He intends to urge strongly that action on this should be taken immediately. Americans seemed to be rather receptive and have undertaken to give serious consideration to possibility of strengthening their representation in Geneva in order to provide a senior USA representative.

5. In view of above discussions Wyndham White is not repeat not planning to visit Washington or Ottawa in advance of 16th Session.

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Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 156-60 [Ottawa], May 10, 1960
SECRET

INSTRUCTIONS FOR THE CANADIAN DELEGATION
TO THE SIXTEENTH SESSION OF GATT

The Sixteenth Session of the Contracting Parties to the General Agreement on Tariffs and Trade opens in Geneva, Switzerland, on May 16th and is expected to last approximately three weeks. This will be one of the regular sessions to administrate the Agreement and to deal with particular issues arising in the trade field. Matters before this session of major interest include the examination of the convention for a European Free Trade Association, the Montevideo Treaty providing for a free trade area in Latin America and developments relating to the working out of the European Economic Community. In addition, there will be an opportunity to consider the progress being made in the removal of quantitative restrictions on trade, the work being done in relation to barriers to trade in agricultural products, problems arising out of low-cost imports, final arrangements for the 1960-61 Tariff Conference, and proposals for strengthening the administration of the General Agreement.

It is recommended that a Canadian Delegation attend this session and participate actively in its work. It is further recommended that Mr. J.F. Grandy, Director of the International Economic Relations Division, Department of Finance, should be Head of the Canadian Delegation and that the following officials should be included in the Delegation:

Mr. R. Campbell Smith	-	Department of Trade and Commerce
Mr. R.E. Latimer	-	Department of Trade and Commerce
Mr. J.E. Hyndman	-	Department of External Affairs
Dr. G.J. Dobson	-	Department of Agriculture
Mr. J.R. Downs	-	Department of Trade and Commerce
Mr. C.D. Arthur	-	Department of Finance
Mr. H.D. MacDermid	-	Department of National Revenue

In addition, it is recommended that Mr. F. Stone of the Canadian Permanent Mission to the European Office of the United Nations, Geneva, should be attached to the Delegation and that the Department of Trade and Commerce should provide the Secretary.

The Canadian Delegation in their participation at this session should seek to safeguard and further promote Canada's general trading interests in dealing with the various items on the agenda of this session. The Delegation should be guided by instructions to Canadian Delegations to recent sessions of the Contracting Parties and by the following specific instructions relating to the more important items on the agenda of this session.

1. *European Free Trade Association*

This will be the first opportunity to examine in GATT the proposed European Free Trade Association among the United Kingdom, Norway, Sweden, Denmark, Austria, Switzerland and Portugal. The EFTA Convention provides for the elimination of tariff barriers to trade in industrial products among the signatory countries over a transitional period of ten years. The first step in the elimination of tariffs within the area is scheduled for July 1, 1960, when a twenty per cent reduction in tariffs will be made. In addition, quantitative restrictions on trade

among the Seven are to be eliminated over the ten-year period while trade in agricultural products are generally to be excluded from this free trade area arrangement, the United Kingdom in agreements with Denmark and Norway has undertaken to eliminate the United Kingdom tariff on imports of bacon, frozen fish fillets and a number of other products from its free trade area partners. Denmark has concluded special agreements on the trade in agricultural products with a number of other members of the EFTA.

The main trade impact for Canada relates to the loss of preferences in the United Kingdom market. The free trade area arrangements will involve the eventual elimination of these preferences vis-à-vis competitors in the EFTA. Canada's preferential position in the United Kingdom market vis-à-vis the United States and other countries not parties to the Convention will not be affected.

Canada could not legitimately object to a free trade area consistent with Article XXIV of that GATT. At the same time it is important to insure that these arrangements should be such as would not involve new discrimination inconsistent with the provisions of the General Agreement and that Canada's interests in the United Kingdom market and the other EFTA markets should be safeguarded to the fullest extent possible. In the examination of the EFTA Convention at this session the Canadian Delegation should be guided by the above consideration and should, if necessary, reserve Canada's position in relation to any of the provisions of the Convention which are at variance with these Canadian objectives. If particular points of difficulty arise the Delegation should seek further instructions from Ottawa. In any case, the timing and nature of any approval to be given EFTA should not be such as to compromise the position of the Contracting Parties in respect of approval of the Rome Treaty.

2. *The Montevideo Treaty*

In February this year Brazil together with Argentina, Uruguay, Chile, Peru and Mexico signed the Montevideo Treaty for the working out of a free trade area among themselves in Latin America (LAFTA). It is also envisaged that Paraguay and Bolivia may be associated with this arrangement. Signatories to the Montevideo Treaty which are also contracting parties to the GATT are Brazil, Chile, Peru and Uruguay. The Treaty has been submitted to the Contracting Parties for their consideration. Latin American countries have set up a special committee to deal with the GATT examination of the Treaty and a preliminary discussion will take place at the Sixteenth Session.

The Treaty itself provides only the framework for the working out of a free trade area in Latin America and the details are to be the subject of negotiations among participating countries. While it is difficult to anticipate what may develop from this initiative, there appears to be a danger that these arrangements could lead to a preferential trading arrangement in that area falling short of a full-fledged free trade area and which might be prejudicial to Canadian exports to the area.

The Canadian Delegation should indicate its understanding of the objectives of the LAFTA and should participate constructively in the discussions on this item. They should emphasize the desirability of insuring that any arrangements should be such as will ensure the achievement of trading arrangements in Latin America which will promote economic development of the member countries without at the same time impairing trading relations between the Latin American countries themselves and their trading partners outside the area. Only about 10% of the trade of the participating countries is within Latin America; the bulk of their foreign trade upon which their economies heavily depend is with outside countries). Since the details of any free trade arrangement in Latin America remain to be worked out, the Canadian Delegation should explore with other contracting parties the possibility of making arrangements for a continuing GATT examination of the Latin American association as it

evolves with a view to ensuring to the fullest extent possible that Canada's trade is not adversely affected.

3. *The European Economic Community*

The member countries of the EEC will be reporting on developments in the working out of the European Common Market. The EEC countries have now reached agreement on the rates of the proposed Common Market tariff, including the rates for a number of products of particular interest to Canada, including aluminum, synthetic rubber, woodpulp and cod fish. In addition, proposals have now been made by the Common Market Commission for the working out of the agricultural arrangements of the EEC.

It had already been agreed that as soon as the rates for the proposed Common Market Tariff were known there should be an examination by the Contracting Parties of the level of the Common Market Tariff. The Canadian Delegation should explore with other contracting parties the possibility of establishing a special group to carry out a detailed examination of the Common Market Tariff which would provide an opportunity for Canada and other countries to make clear to the Common Market Six what the overall impact of the proposed Common Market Tariff is likely to be on their trade. If there is support for such an exercise, the Canadian Delegation should be authorized to agree to this procedure and should seek to insure that Canada is included in any working party which might be established.

Should the question of the acceleration of the E.E.C. Common Tariff arise at the Sixteenth Session, the Delegation should be guided by Cabinet instructions on this issue approved in connection with Canadian participation at the Paris Trade Committee meeting at the end of March.[115]

The proposals of the Common Market Commission regarding the agricultural policy of the EEC could involve the imposition of severe restrictions against imports of agricultural products from Canada and other outside countries. These proposals envisage in addition to tariffs the continuation of quantitative restrictions on trade and the imposition of variable import levies based on the difference between the price of imported products and the domestically supported prices within the Community. Were these proposals to be adopted, there is serious danger that Canada and other agricultural exporting countries would be left in the position of residual suppliers and imports would be limited to those which are necessary to meet requirements over and above production within the Community. Further, incentives envisaged in the Commission's proposals could result in a sharp increase in production within the Community which would further reduce agricultural imports and result in the development of export surpluses.

In view of these possible dangers for Canada's exports of agricultural products to the EEC (these now account for some 40% of our total sales to the Six) Canada together with the United States, Australia and New Zealand is seeking early informal consultations with the countries of the EEC prior to the working out of their agricultural policy. These consultations are expected to take place late in June this year.

In the light of the above the Canadian Delegation should not press for detailed examination at this session of the agricultural proposals of the Common Market Commission in GATT. From the Canadian point of view the GATT examination should follow the informal consultations arranged for June. However, in view of the restrictive implications of these proposals, it would be appropriate for the Canadian Delegation to take this opportunity to express Canada's concern over the possible adverse effects on Canada's trade, and to remind the EEC countries of the importance of developing non-restrictive arrangements.

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[115] Voir/See document 481.

4. *Quantitative Restrictions on Trade*

Substantial progress has been made over the past year in the relaxation of restrictions maintained by most GATT countries for balance of payments reasons. In the discussions of this item at the Sixteenth Session it would be appropriate for the Canadian Delegation to indicate the importance we attach to continued progress in this field, and to urge Contracting Parties to eliminate without further delay the remaining discrimination.

A number of countries have now reached the position where controls are no longer maintained for balance of payments reasons. This includes the United Kingdom, the Netherlands, Germany and Italy. While few restrictions remain in the United Kingdom, there are a number of products of interest to Canada which continue under control, including bacon. The Netherlands has undertaken to report to this Session on their plans for the removal of the remaining restrictions they maintain. Prospects are that the liberalization measures which are now under consideration by Italy leave a substantially longer list of items under control and, for some of these, the restrictions will be applied in a discriminatory manner. As far as Germany is concerned, the restrictions which it maintains have been under consideration by the contracting parties for some time.

If progress is to be made in obtaining the removal of the restrictions which continue to be applied by GATT countries as they move out of balance of payments difficulties, special procedures may be necessary. The Canadian Delegation should be authorized in consultation with other contracting parties to seek such procedures as may be necessary. In the event that procedures are worked out which would require all contracting parties to report and submit for examination the items which they maintain under restrictions, Canada would be required to submit the quantitative limitation it maintains on trade in the field of agricultural products. (Such a review has already taken place in the agricultural consultations under GATT in March this year.)

5. *Agricultural Consultations*

Initiatives were taken by the contracting parties in 1958 looking to a reduction in barriers to trade in agricultural products. As a first step, consultations with all contracting parties were undertaken. Canada was consulted in March 1960. These country consultations are to be completed by the end of this year.

As this Session an interim report is being submitted to the Contracting Parties on the consultations which have so far taken place. Efforts may be made by a number of other countries to make recommendations. The Canadian Delegation should resist any such proposals as being premature. The Canadian Delegation should indicate its continued support for this study of agricultural protectionism and the importance it attaches to moving as quickly as possible to the next stage looking to early action in finding ways and means of improving trading opportunities in the field of agricultural products.

6. *Low-cost Imports*

Procedures were initiated at the Fifteenth Session in Tokyo to examine problems for trade arising out of competition from low-cost imports (e.g. imports from Japan, India and Hong Kong). As a first step countries have submitted to the GATT Secretariat a factual report on what measures they are taking to deal with the problem. This factual analysis will be available to the contracting parties at this Session.

As far as Canada is concerned, the Canadian market has absorbed a substantially larger share of the imports from the so-called low-cost countries than most other contracting parties. Pressures on the Canadian market would be markedly eased were other countries persuaded to take a larger share.

The Canadian Delegation should again emphasize the importance we attach to a satisfactory solution to this problem under which all countries and particularly the more industrialized areas of Western Europe would accommodate the exports of the low-cost producers to a substantially greater extent. As far as further action by the contracting parties is concerned, the Canadian Delegation should support practical proposals for acceptable procedures which would have the effect of spreading more evenly the impact of low-cost competition while at the same time giving countries the possibility of dealing with disruptive import situations.

7. *Tariff Conference*

Consultations are expected to take place at this Session regarding the possible participation of Poland in the forthcoming tariff conference. Cabinet has approved the Declaration associating Poland with the General Agreement and has agreed to procedures whereby consultations are to be conducted by individual contracting parties to explore the possibility of Polish participation in the negotiations.

In line with the Canadian Government's policy of exploring ways and means of establishing mutually advantageous trading relations with countries of the Soviet Bloc, the Canadian Delegation should be authorized to enter into consultations with the Polish representatives at this Session and to explore the possibility of meaningful negotiations between Canada and Poland at the 1960-61 Tariff Conference. Such exploratory discussions should not rule out the possibility of negotiations based on undertakings on the Canadian side relating to the Canadian tariff in return for commitments by Poland regarding import quotas for Canadian products. The Canadian Delegation should not go beyond exploratory discussion at this stage and a final decision regarding possible negotiations with Poland under GATT should be left to a later stage.

8. *GATT Organization*

It is expected that proposals will be put forward at this Session for the establishment of a continuing GATT administrative body. The objective would be to strengthen the administration of the General Agreement. The question of strengthening the staff of the GATT may also be raised.

The General Agreement on Tariffs and Trade continues to be the basic instrument of Canada's trade and commercial relations. The emergence of various regional trading arrangements make it all the more important that safeguards provided in the General Agreement against the growth of discriminatory trading arrangements which could adversely affect Canada's trade should be effectively applied. The Canadian Delegation should support practical proposals for improving the administrative machinery and general effectiveness of the Agreement, including the establishment of an Executive Council.[116]

[H.C. GREEN]

[116] Approuvé par le Cabinet le 12 mai 1960./Approved by Cabinet on May 12, 1960.

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DEA/14051-3-16-40

La délégation à la Conférence sur le GATT
au secrétaire d'État aux Affaires extérieures

Delegation to GATT Conference
to Secretary of State for External Affairs

TELEGRAM 891

Geneva, June 6, 1960

CONFIDENTIAL. PRIORITY.

Repeat Washington, London, Paris, NATO Paris, Bonn, Brussels, Hague, Rome, T&C Ottawa, Dept Finance Ottawa, Tariff Del (McKinnon) Ottawa, Bank of Canada Ottawa, Dept Agriculture Ottawa, Dept National Revenue Ottawa, PCO Ottawa from Ottawa (Information).

By Bag Tokyo, Stockholm, Copenhagen, Oslo, Vienna, Delhi, Berne, Canberra, Wellington from London, Rio from Ottawa.

GATT SESSION

1. Contracting Parties at 16th Session faced a number of important GATT issues. We have reported separately on some of these. Following is summary of developments:

2. *EFTA*. No repeat no agreement was reached at this session for dealing with EFTA under the agreement. Examination focused mainly on how QR's might be used by member states, arrangements for agricultural trade, and on the implications of the UK and Portuguese preferential tariff systems. The subject will be included on agenda of 17th Session, but opinion is divided on whether a decision should be taken at that time and if so, under which GATT article. USA adhered to position that EFTA should be dealt with under Article 25, and we understand may proceed to the drafting of a possible waiver.

3. *LAFTA*. A working party was established and held two meetings at which preliminary examination took place of first list of questions and answers (L/1201). Some useful results were obtained, particularly on way in which national and common tariff liberalization list would operate. Working party will meet again October 17-29 to conduct thorough examination on the basis of further replies of member states to questions, and to make recommendations to Contracting Parties. LAFTA countries hope for favourable decision at 17th Session.

4. *EEC*. Community representative presented report to Contracting Parties on recent developments. Main concerns of Contracting Parties were with agricultural policies of Six. Contracting Parties emphasized need for examination in GATT of Commission's proposals on agriculture before decisions are taken, Canada with support of Australia and USA called for the submission of Commission's proposals to Contracting Parties soon after they are presented to EEC Council of Ministers.

5. *Paris Economic Meetings*. India, Australia and Japan expressed grave apprehensions about effects of new OECD on strength and role of GATT, and were joined by many other outside countries. Subject will be on agenda of 17th Session. Importance of having interests of Contracting Parties represented at Paris meetings by GATT Executive Secretary was stressed.

6. *Residual QRs*. It was not repeat not possible at this session to establish special procedures for dealing with problem of residual QRs maintained by countries emerging from balance of payments difficulties. However, there was broad acceptance of importance for the Contracting Parties to deal effectively with these remaining restrictions. It was left that efforts should be made to make existing procedures work. USA, with fairly broad support (especially Australia, India and ourselves) indicated that if these procedures proved inadequate in the coming months alternative arrangements would have to be made. Italy announced a list of items expected to be

liberalized shortly which would bring dollar and OEEC level of liberalization substantially into line. However a large number of items would remain under restriction and existing degree of discrimination against Japan would not repeat not be effected. Italy agreed to consult under procedures for joint consultations under Article 22 with countries having a substantial interest in any items remaining under restriction. A number of countries including USA and ourselves indicated an interest in joining in these consultations, and time for consultations is tentatively provided from July 4-15.

7. In the light of strong pressure at Tokyo, Belgium announced list of agricultural items to be liberalized, and introduction of system of variable import levies on these products. USA, NZ, ourselves and others expressed reservations about the introduction of variable levies to replace QRs, but there was insufficient time to examine this aspect. Belgian restrictions will in any case be on agenda of 17th Session.

8. *Tariff Conference.* Tariff Negotiations Committee was established in order that it could meet in advance of conference to deal with any problems relating to negotiations which may arise (e.g. questions relating to possible participation of Poland). No repeat no formal arrangements were made for examination of Contracting Parties of level of EEC common tariff under Article 24:5(a) but there will be an informal meeting of interested Contracting Parties which will provide an opportunity for interested countries to examine validity of contention of EEC Commission that general incidence of common tariff is no repeat no higher than level of individual tariffs of member countries.

9. *GATT Organization.* It was agreed to establish a Council of Representatives of Contracting Parties with powers broader than those of former intercessional committee. Twenty nine countries have so far indicated willingness to accept responsibilities of membership. There is some danger that membership may be too large and also that the representations of some countries may not repeat not be appropriate. Wyndham White will be consulting informally with delegates in this respect and it is envisaged that the problem, if it proves to be a real one, will be discussed again at the 17th Session. It may be, however, that in practice, attendance at council meetings will be confined largely to those countries that have arranged for effective representation.

10. *Expansion of Trade Programme.* Committee II conducted consultations with five countries during session and presented its second report to Contracting Parties (L/1192). It was decided that the Committee's next tasks would be to analyse on a global basis the effect of individual agricultural policies and systems on international trade in groups of important commodities (e.g. dairy products, cereals); and to study the possibility of measuring agricultural protection. The Committee will take up this work when it meets again October 3-21, at which time further (and probably the last) country consultations will also be held (L/1207).

11. *Committee III* presented its third report (L/1162) and its work so far drew expressions of satisfaction from the less developed countries. The Committee is scheduled to meet again September 26-October 7 to embark on the next stages of its work programme.

12. *Definitive Ratification of Agreement.* Wyndham White made a strong plea at the final plenary meeting for the formal and definitive acceptance of the GATT by Contracting Parties under Article 26, as a logical and important corollary to the establishment of more effective GATT machinery. Although the legal force of the agreement would not repeat not be affected by this step, it would have an important psychological and potential effect on the stature of GATT.

13. *Market Disruption (Low Cost Imports).* Following complex and delicate informal discussions, agreement was reached on the establishment of a working party "to consider the problems... and suggest multilaterally acceptable solutions, consistent with the principles and

objectives of the general agreement, for those problems ... which appear to call for immediate action." This working party will also make arrangements for a broad study of the problem. Grandy was appointed Chairman of the Working Party and it will hold its first meeting here September 12-16.

14. *New Members*. Decisions were taken to invite Spain and Portugal to participate in work of Contracting Parties and to arrange for their participation in Tariff Conference, with a view to their accession under Article 33. A number of countries expressed intention, pending their accession, of basing their commercial relations with Spain and Portugal on provisions of GATT. It is expected that consultations with these countries on their commercial policies will take place at 17th Session.

15. *Forthcoming Meetings*. Balance of Payments Committee (and possibly Article 22 consultations with Italy)- July 4-15; Tariff Conference – September 1; Working Party on Market Disruption – September 5-16; GATT Council – September 19-23; Committee III – September 26-October 7; Committee II – October 13-21; LAFTA Working Party Oct. 17-29; Balance of Payments Committee – October 17-November 4; Seventeenth Session – October 31.

SECTION B

DIX-SEPTIÈME SESSION DES PARTIES CONTRACTANTES
SEVENTEENTH SESSION OF THE CONTRACTING PARTIES

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PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 337-60
CONFIDENTIAL

[Ottawa], October 27, 1960

INSTRUCTIONS FOR THE CANADIAN DELEGATION
TO THE SEVENTEENTH SESSION OF GATT

The Contracting Parties to the General Agreement on Tariffs and Trade meet twice yearly a regular session to administer the Agreement and to deal with various problems of international trade. The 17th Session opens in Geneva on October 31st and is expected to last three weeks.

(This meeting of the GATT countries is separate from the Tariff Conference which is currently going on in Geneva and in which a Canadian delegation under the chairmanship of Mr. H.B. McKinnon is participating. A number of major issues of international trade are being pursued primarily through the Tariff Conference: (1) Problems relating to the level of the common tariff of the European Economic Community of the Six (the Common Market); (2) the question of Canadian access to European markets for agricultural products; (3) the tariff barriers to Canada's trade in the United States and other markets and (4) the short term difficulties relating to the trade split in Europe between the Common Market Six and the Seven countries of the European Free Trade Association which includes the United Kingdom.)

A number of problems of particular interest to Canada in the field of international trade are up for consideration at this Session. The principal matters are: (a) Problems relating to the

continued maintenance of quantitative restrictions which affect Canadian exports; (b) the examination of the European Free Trade Association; (c) proposals for a Latin American Free Trade Association; (d) special problems relating to trade in agricultural products; (e) market disruption arising from low-cost imports; (f) limitation on export subsidies; and (g) arrangements for the accession of new members to the General Agreement.

It is recommended that a Canadian Delegation participate in the work of the 17th Session with a view to protecting Canadian trade interests and expanding Canada's export opportunities. It is further recommended that Mr. J.H. Warren, Assistant Deputy Minister (Trade Policy), Department of Trade and Commerce, should be Chairman of the Canadian Delegation; that Mr. J.F. Grandy, Director, International Economic Relations, Department of Finance, should be Deputy Head of the Delegation, and that the following officials should be included in the Delegation:

Mr. M.A. Crowe	-	Department of External Affairs
Mr. V.L. Chapin	-	Department of Trade and Commerce
Mr. B. Shapiro	-	Department of Trade and Commerce
Dr. G.J. Dobson	-	Department of Agriculture
Mr. W.F. Stone	-	Canadian Permanent Mission, Geneva

that Mr. L.C. Howey of the Department of National Revenue and currently with the Canadian Tariff Delegation in Geneva participate in the work of the Delegation as required; and that Mr. R.M. Tait of the Canadian Permanent Mission, Geneva, act as Secretary to the Delegation.

The Canadian Delegation should be guided by the following general considerations relating to the main items on the agenda of the Session.

1. *Quantitative Restrictions*

While substantial progress has been made in freeing Canadian exports from quantitative barriers to trade in world markets, more remains to be done. The continued maintenance of import controls disturbs the balance of advantage in the Agreement. The Canadian Delegation should stress the importance of proceeding rapidly with the removal of the remaining quantitative restrictions which are no longer justifiable on balance of payments grounds. The Canadian Delegation should seek to ensure that effective arrangements are made to accelerate the elimination of these controls and should insist on the elimination of any discrimination against Canadian exports which may remain.

2. *European Free Trade Association*

At the Session the Contracting Parties are expected to complete the detailed examination of the Convention for a European Free Trade Association (the United Kingdom together with Norway, Sweden, Denmark, Austria, Switzerland and Portugal) in terms of its compatibility with the GATT provisions. The EFTA envisages the possible use of quantitative restrictions in certain circumstances which could involve some discrimination. Further, there are special arrangements relating to trade in agricultural products which may be inconsistent with the Agreement. The Canadian Delegation should seek satisfactory assurances and procedures for dealing with this Convention under GATT which would safeguard against such developments affecting Canadian trade.

3. *Latin American Free Trade Association*

The Montevideo Treaty providing for a free trade arrangement in Latin America among Argentina, Brazil, Chile, Mexico, Peru, and Uruguay is not yet in effect. The Treaty itself is in only general terms and the detailed arrangements are yet to be worked out. Accordingly, it is not possible at this stage to draw any precise conclusions as to the possible implications for Canadian trade. The Canadian Delegation should seek to obtain effective arrangements which

would permit Canada and other contracting parties to maintain a close liaison with the Latin American countries so as to provide an opportunity to safeguard Canadian trade interests as the Latin American Free Trade Association evolves.

4. *Trade in Agricultural Products*

The contracting parties have completed their detailed examination of the policies and restrictions of member countries affecting trade in agricultural products. The next phase of the work will be to explore ways of expanding agricultural trade. Canada has major agricultural export interests and will wish to play an active role in this programme. The Canadian Delegation should seek to ensure that the work in this field is carried forward on a constructive and realistic basis with the objective of providing expanded opportunities for Canada's agricultural exports. (While Canada has an agricultural support programme of its own, these measures and their effects on trade are relatively modest compared to those maintained by many other countries.)

5. *Avoidance of Market Disruption*

The contracting parties are currently engaged in a study of how to avoid market disruption resulting from rapid increases of low-cost imports and how to facilitate further progress in the removal of the restrictions maintained principally by the European countries against imports from Japan (and in some cases from Hong Kong and India). Canada now takes a disproportionately large share of imports from Japan and progress in the relaxation of restrictions by other countries would ease the burden on us. Further, generally agreed ways of dealing with the problem of low-cost competition should facilitate agreement between Canada and Japan on our own particular problems. The Canadian Delegation should therefore seek agreement on an international solution of this problem and continue to press other countries to take a fair share of the low-cost goods.

6. *Export Subsidies*

It has so far not been possible in the GATT to obtain international agreement on an effective means of limiting the use of export subsidies. Even in the field of non-primary products the most that has been possible has been agreement on a so-called standstill, i.e., agreement that new export subsidies on non-primary products would not be introduced.

Consideration will be given at this Session to the possibility of making some further progress on the limitation of export subsidies. It may be proposed that instead of the present standstill there should be agreement to prohibit export subsidies except on agricultural products and other primary products. The only subsidies paid by the Canadian Government apply to primary products — certain agricultural products and coal. The subsidization of exports by other countries is clearly not in Canada's interests and the Canadian Delegation should support the proposal to prohibit the introduction of new export subsidies on products other than primary products. Before doing so they should ensure that the subsidies now being paid or which may be paid under our agricultural price support programme will not be subject to the prohibition.

It is possible that there may also be some attempt to begin to introduce limitations on the subsidization of primary products. If it were feasible to obtain effective international restraints on agricultural export subsidies Canada would stand to benefit. In present circumstances, however, it is not conceivable that the United States (and some other countries) could accept any effective limitations. Should proposals be made in this field, therefore, the Canadian Delegation should not make any commitment but should support any realistic proposals to explore reasonable suggestions for later consideration.

7. *Accession of New Members*

Arrangements for the accession of Argentina, Ireland, Portugal and Spain are expected to be worked out at this Session. In addition, there will be discussions relating to the full accession of Switzerland to the General Agreement. The Canadian Delegation should welcome the participation of new members. At the same time, the Delegation should seek to ensure that the acceding countries are prepared to comply with the GATT obligations and in particular should not acquiesce in any arrangements which would permit the perpetuation of discriminatory restrictions by any of these countries against Canadian trade.[117]

[H.C. GREEN]

141. DEA/14051-3-17-40

La délégation à la Conférence sur le GATT
au secrétaire d'État aux Affaires extérieures

Delegation to GATT Conference
to Secretary of State for External Affairs

TELEGRAM 1598 Geneva, November 22, 1960

CONFIDENTIAL. PRIORITY.

Repeat Washington, London, NATO Paris, Paris, Brussels, Bonn, Hague, Rome, T&C Ottawa, Finance Ottawa, Agriculture Ottawa, Bank of Canada Ottawa, National Revenue Ottawa, PCO Ottawa from Ottawa (Information).

By Bag Tokyo, Canberra, Wellington, Delhi from London, Rio, Buenos Aires from Ottawa.

GATT 17TH SESSION

Following is a summary of the more important developments at the session, November 1-19.

2. *Market Disruption*. It became clear that countries concerned could not reach agreement at this time on new safeguard measures under the agreement, involving some measure of international control, to deal with the disruptive effects of low cost imports. After extensive discussion it was finally agreed that the present Working Party should be turned into a standing committee empowered to arrange for multilateral consultations on particular disruption problems. The report adopted by Contracting Parties contains a reference to the readiness of countries which do not repeat not apply GATT to Japan to participate in the consultations. UK introduced wording in the decision aimed at limiting discussion of bilateral agreements to problems created for third countries. However the decision may be somewhat ambiguous in this regard, since Working Party's report also draws attention to the value of the consultations "to Contracting Parties failing to reach a satisfactory conclusion in bilateral consultations, or where a bilateral solution is inadequate."

3. The search for more direct safeguard measures under GATT provisions will be continued by the new committee, which will take over the terms of reference of the former Working Party, including the supervision of GATT-ILO study of the long range problem.

4. In accepting the decision, Canadian representative expressed the view, which seemed generally supported, that the new machinery should be regarded as provisional, experimental, and subject to review in about a year's time, when Contracting Parties might in the light of

[117] Approuvé par le Cabinet le 2 novembre 1960./Approved by Cabinet on November 2, 1960.

experience modify the new machinery, or even abandon it. He stressed that to be successful the consultations would require the wholehearted cooperation of all countries concerned, including those which apply Article XXXV against Japan.

5. USA Delegation was pleased with the progress achieved at this session, and USA seems prepared to make early use of the new committee by seeking a consultation on textiles and garments.

6. A new development took place at the Session in the related matter of the continued nvocation of many countries of Article XXXV against Japan. Japanese contended that the situation was worsening for them because newly acceding countries were also refusing to enter nto GATT relations with Japan, many for reasons not repeat not related to trade con-siderations. The present situation, Japanese contended, was not repeat not only damaging to apanese interests, but was also frustrating the aims and operation of the General Agreement by standing in the way of tariff negotiations between Japan and other major trading countries, nd by placing obstacles in the way of the liberalization of Japanese imports on a non repeat on discriminatory basis.

7. Against this background, Japanese called for a review of the situation by Contracting arties as provided for in Article XXV(2). A number of delegates, including Canadian, xpressed understanding of Japan's situation, and Contracting Parties agreed to ask the Council to make arrangements for this review. The review will provide an additional pportunity for focusing attention on the problem of low cost Japanese exports, and on the ifficulties for countries like USA and Canada resulting from the restrictive policies of other ountries toward Japanese goods.

8. *Import Restrictions.* A number of important countries such as UK, France, Italy, Sweden nd Australia, have during the past year ceased to claim balance of payments justification for eir restrictions. However, in varying degree they continue to maintain residual import strictions.

9. USA, which has postponed its earlier proposals for new procedures in GATT to deal with ese residual restrictions, again stressed its expectation that Contracting Parties would operate in making the existing provisions work more effectively, and restated its intention to view the need for new procedures in the light of experience in the future. Contracting Parties dorsed the Council's recommendations that countries should be invited to submit lists of strictions being maintained in contravention of the Agreement and not repeat not covered by aivers. In accepting this, Canadian delegate stressed that these new notification procedures ould be regarded as experimental and subject to review in the light of results achieved. nding further experience in dealing with residual import restrictions the hard core decision as extended until end of 1961.

0. USA demonstrated its intention to make effective use of existing procedures by questing an early consultation with France on its substantial list of remaining restrictions ainst USA imports, in which Canada and other countries will doubtless wish to join. (We are porting separately on this development). USA also obtained agreement from Contracting rties for the setting up of a Working Party, to be called at USA request to consult with Italy der Article XXII(2) or Article XXIII(2). USA stated it would decide whether or not repeat to call this Working Party in the light of progress by Italy in the near future in further moving restrictions, and has in mind a possible meeting in February. (We are also reporting parately on this matter). Germany's report on its restrictions provided a further occasion for ny countries, including Canada, to call for faster progress toward complete liberalization l meanwhile for greater and fairer access to German market, particularly for basic icultural products.

11. *Subsidies*. Contracting Parties took action to strengthen the provisions of the Agreement relating to export subsidies, by opening a declaration under which signatory countries would undertake to prohibit the use of subsidies on non repeat non primary products and bring into effect (for signatories) the provisions of Article XVI(4). The declaration will come into effect on its acceptance by fourteen so-called key countries, including Canada. For countries unable to sign at once this declaration calling for outright prohibition, an accompanying instrument is to be opened, under which signatories will undertake not repeat not to increase subsidies on non repeat non primary products beyond those being used at present. It is the expectation that countries signing this second declaration will in time be able to accept the obligations of the first. Contracting Parties took note of an illustrative list of prohibited practices which would generally be considered as subsidies under Article XVI(4) unless regarded as acceptable multiple currency practices under IMF rules. There was extensive discussion of whether any additional clarification of the term primary commodities was desirable, and a number of other countries expressed concerns similar to our own about possible difficulties which could arise. In the end, however, it was considered that the present interpretation provided adequate guidance to deal with specific cases of problems of definition. Some latitude is thus given to the exporting country concerned in deciding whether or not repeat not a particular product is covered by the declaration, although their decisions could of course be challenged by other Contracting Parties.

12. It was recognized that the new arrangements are not repeat not altogether satisfactory. Only the industrialized countries of Europe and North America were prepared at this time to undertake to prohibit the use of export subsidies on non-primary products, and Japan's absence from the list of key countries gave rise to particular concern. Japan evidently continues to operate subsidies on a number of non repeat non primary products, including ships for export and is not repeat not prepared at this stage to abandon these subsidies although willing to undertake not repeat not to increase them and to sign the second standstill instrument referred to above. Less developed countries such as India seem unwilling to undertake any commitments whatever on subsidies. And, as pointed out forcefully by New Zealand and Australia, the new arrangements add further to the difference of treatment under the agreement of industrial and agricultural products. Nevertheless, the new arrangements can fairly be regarded as important progress, since until now the only commitment under Article XVI(4) was to apply a standstill on subsidies existing on January 1/55. It will also bring under GATT, commitments which European and North American countries would otherwise be seeking to implement under the less universal aegis of OECD.

13. *Regional Groups*. The members of Montevideo Treaty stated that they were obliged to obtain a sufficient measure of endorsement for their treaty from Contracting Parties to enable them to secure ratifications by their respective parliaments and to put into effect the provisions of the treaty. However, the examination in the Working Party revealed that at this stage it would be impossible to conclude that the arrangements (especially as regards agriculture) as they developed would be compatible with Article XXIV. In the end the member countries were content to accept a set of conclusions essentially along the lines reached in the case of Rome Treaty. Contracting Parties concluded that there were legal and practical questions which it would be difficult to settle solely on the basis of the Treaty, and that these could more fruitfully be discussed as the treaty was progressively implemented. While thus reserving judgment on the consistency of LAFTA with GATT, Contracting Parties agreed that the member countries were not repeat not thereby prevented from proceeding with the application of the Treaty, or from invoking the benefits of Article XXIV to justify actions which might otherwise be inconsistent with the Agreement. At the same time, Contracting Parties preserved their own rights under Article XXIV, and noted the facilities under Article XXII for consultation with the member countries on any measures taken by the members under their

treaty. LAFTA countries expressed their readiness to furnish info to Contracting Parties under XXIV:7(a) as their treaty developed and also to provide info in the context of Article XXII consultations.

14. In the light of the need to accommodate LAFTA at this session it was considered that Contracting Parties could not repeat no longer remain silent on EFTA. The conclusions agreed on EFTA are almost identical with those adopted for LAFTA, the only differences being those arising from the fact that the Stockholm Convention has already been ratified and put into effect.

15. These conclusions on LAFTA and EFTA are closely in line with those reached at the 13th Session regarding EEC. The willingness of members of three groups to furnish information to Contracting Parties and to consult will provide opportunities for continuing scrutiny of the three arrangements as they are developed. In this regard, EEC representatives at this Session were urged to accept somewhat more positive undertakings regarding the regular submission of information to Contracting Parties, and the distribution to Contracting Parties of their official documents and publications.

16. The debate on EEC focused on the common agricultural policy. We and other outside agricultural exporters joined USA in calling for a much more satisfactory settlement on agriculture than had as yet been offered by the Six in the context of the current Article XIV(6) tariff negotiations. The agricultural exporters also joined USA in urging the Six to present to Contracting Parties for discussion the Commission's proposals relating to the cap, but the Six rejected this proposal on the grounds that the Commission's proposal had not yet been considered by the member countries. Less developed countries repeated their concern about the arrangements for overseas territories. A number of these countries also made an appeal for negotiations to open at once under Article XXIV(5A) which requires that on the whole the incidence of the common tariff should not repeat not be higher or more restrictive than the general incidence of existing tariffs of member countries. It was decided by Contracting Parties however that the examination of the common tariff under Article XXIV(5A) should be left to the Tariff Negotiations Committee, which should decide on the timing in the light of progress in the Article XXIV(6) negotiations. In the view of our tariff delegation, Contracting Parties should not repeat not be diverted at this stage from the main task of Article XXIV(6) negotiations, and more should be known of the likely results of these negotiations before the Article XXIV(5A) examination is proceeded with.

17. *OECD*. Apprehensions were expressed in terms similar to those expressed at 16th Session concerning the assumption of trade functions by OECD. In reply, UK and other prospective OECD members were able to point to provisions agreed by the Preparatory Committee in Paris (mainly at the instance of Canada and USA) relating to the maintenance of the existing international obligations of member countries, non repeat non discriminatory trade policies, participation of GATT officers, etc. We joined with USA in stressing our continuing support for GATT which should retain primacy in the field of international trade obligations.

18. *New Members*. Nigeria acceded as a new member under Article XXVI:5(C). The provisional accession of Argentina was approved. Arrangements were agreed for the participation of Ireland in the Tariff Conference with a view to accession under Article XXXIII. (We are reporting separately on the subject of new members).

19. *Miscellaneous*. Notwithstanding the provisions of Article XXVIII(1), the time limit for the conclusion of the current series of Article XXVIII negotiations concerning the modification or withdrawal of particular concessions was extended from January 1/60 to March 31; the deadline may be further extended with the consent of the Council. With some minor economies, Contracting Parties adopted the Executive Secretary's budget proposals which will permit a considerable (and overdue) strengthening of the Secretariat in 1961. The next meeting

of GATT Council has been scheduled for February 22-March 3 and the 18th Session will be held May 1-19. The present slate of GATT officers will continue in office until the end of the 19th Session next fall.

SECTION C

CONFÉRENCE SUR LES DROITS DE DOUANE (SÉRIE DILLON)
TARIFF CONFERENCE (DILLON ROUND)

142. PCC

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 232-60 [Ottawa], July 12, 196

CONFIDENTIAL

GATT 1960-61 TARIFF CONFERENCE

The fifth round of multilateral tariff negotiations to be held under the auspices of th General Agreement on Tariffs and Trade (GATT) will open in Geneva on September 1, 196 This Conference has been planned as a major part of a GATT programme for the expansion international trade and will include a general round of negotiations for new concession negotiations with countries acceding to the GATT (Cambodia, Israel, Yugoslavia, Portuga Spain, and Tunisia), and re-negotiations with countries wishing to modify existin concessions. A number of countries have also indicated that they may be negotiating wit Poland on the basis of exchanging tariff concessions against commitments to purchase. Th first four months of the Conference will be devoted to important re-negotiations with th European Common Market countries related to the establishment of their common extern tariff. It is expected that the entire Conference will last about a year.

The intention of Canada to participate in this Conference was announced last Octobe Since that time Ministers have been receiving representations from various groups concernir possible alterations in the Canadian tariff and concessions which should be sought in the tarif of other countries. On the basis of these representations and in the light of all the releva considerations, the departments concerned are at present engaged in drawing up f consideration lists of concessions which the Delegation should seek of other countries and adjustments in the Canadian tariff which might be appropriate.

Ministers will be aware that these tariff negotiations will be of great importance for t future of Canadian trade since the future structure of Canadian commercial relations wi Europe will be affected by their outcome. It is essential, therefore, to ensure that Canada represented by a strong delegation which will be able to protect Canadian interests and win t maximum in new concessions. The appointment of Mr. H.B. McKinnon as Chairman of t Delegation has already been approved by Ministers. It is at present envisaged that some seni officials, who would be able to give policy guidance, would from time to time be designat by their respective Ministers to attend the Conference for such periods as might be necessa These officials would include the following:

Mr. A.F.W. Plumptre, Asst. Deputy Minister of Finance, Deputy Chairman
or
Mr. S.S. Reisman, Dept. of Finance, Deputy Chairman

Mr. J.H. Warren, Asst. Deputy Minister of Trade and Commerce, Deputy Chairman.
Mr. O.C. Stoner, Dept. of External Affairs
Mr. C.A. Annis, Dept. of Finance
Mr. R.E. Latimer, Dept. of Trade and Commerce.

In addition, it is expected that some six officers and four administrative and stenographic staff from the Departments of Trade and Commerce, Finance, Agriculture and National Revenue would attend the conference on a continuing basis. The Secretary of the Delegation will be drawn from the Department of External Affairs. The Delegation would be assisted by the First Secretary at the Canadian Permanent Mission, who is responsible for GATT matters in Geneva.

Although it is possible that representatives of Canadian industries will be present in Geneva, it is recommended that they should not have any official status on the Delegation.

I wish to recommend, with the concurrence of the Ministers of Finance and Trade and Commerce:

(i) that the foregoing arrangements for staffing the Delegations be approved;

(ii) that, under the direction of the Chairman, the Delegation and other officials concerned proceed with the preparatory work for the Tariff Conference;

(iii) that at a later date appropriate instructions should be sought.[118]

H.C. GREEN

143.

PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 266-60

[Ottawa], August 16, 1960

SECRET

GATT TARIFF CONFERENCE 1960-61 — INSTRUCTIONS

1. Previous memoranda have dealt with the composition of the Delegation and preparations for the Conference. This Memorandum deals with the substantive aspects of the Conference and proposes instructions to the Delegation. The instructions are cast in general terms. In view of the major importance of the Conference it will be necessary for the Delegation to consult interested Ministers as the negotiations proceed.

2. There will be five kinds of negotiations:

(A) Renegotiations with the six members of the European Economic Community;

(B) Renegotiations with any other countries wishing to withdraw any present bindings;

(C) Renegotiations of some items in the Canadian Schedule in the light of Tariff Board reports;

(D) Negotiations for new concessions with a number of countries including the European Economic Community (as a unit) and the United States;

(E) Negotiations with countries applying for accession to the General Agreement, e.g., Spain and Portugal.

[118] Approuvé par le Cabinet le 11 août 1960./Approved by Cabinet on August 11, 1960.

A. RENEGOTIATIONS WITH THE EEC

3. The proposed common tariff of the European Common Market countries is to come under examination and negotiation. It is of major importance to Canada to ensure that to the fullest extent possible our exports to the EEC market enjoy as favourable terms of access as obtained under the previous régime of national tariffs. Through earlier GATT Tariff Conferences the Six countries individually bound rates of duty in their national tariffs against increase in return for reciprocal concessions on the part of Canada and other Contracting Parties. To implement the common tariff the EEC countries must renegotiate such tariff bindings and should establish a new schedule of concessions which would maintain the balance of advantage under the previous tariff agreements. Most items in Canada's trade with Europe had been bound in the tariffs of one or other of the Six countries under these agreements. The proposed common market tariff involves decreases below existing bindings as well as increases above existing bindings. Thus for the increases there will be some compensation to other countries with the proposed common tariff structure. For a number of products of interest to Canada, however, the increases from present German and Benelux rates will have a greater effect on trade than the decreases that would be made in the French and Italian tariffs.

4. Apart from the actual rates of the Common Market tariff, present proposals regarding the common agricultural policy to be pursued by the Community pose a major threat to Canadian export interests. The prospect is that the tariff will be only one of a variety of protective instruments to control agricultural imports into the Community and variable import levies, quantitative restrictions, state trading and other devices seem likely to be used. The main products of interest to Canada which could be adversely affected by these arrangements are wheat, coarse grains, tobacco, vegetable oils, apples and fish: these agricultural items account for 40 per cent of our trade with the Six. It will be important for Canada and other agricultural suppliers to reach meaningful understanding with the Six concerning this sector of trade.

5. The Canadian Delegation should make every effort to seek lower common tariff rates for products of interest to Canada where the rates proposed are unsatisfactory from our point of view. The tariff concessions which have already been negotiated with the individual Common Market countries in previous conferences and which the Six must renegotiate should generally provide a firm basis for obtaining reasonable tariff access to the EEC market. If the Common Tariff as it evolves from the renegotiations should prove, on balance, to be less advantageous to Canada than the present national rates in respect of bound items, consideration should be given to the desirability of appropriate compensatory withdrawals from the schedule of Canadian tariff concessions. To the extent that the present terms of tariff access to the markets of the EEC are maintained and bound against increase in the negotiations, it would be appropriate to rebind to the EEC Canadian concessions which are now bound to individual members of the EEC, subject to what is said below about agriculture.

6. Since tariffs are expected to be only one of various protective devices used by the EEC in the field of agriculture, the Canadian Delegation should not accept tariff concessions alone as an adequate safeguard for Canadian exports of agricultural products. The Canadian Delegation should seek to obtain commitments from the Six which would give assurance about the totality of barriers that affect this trade and provide opportunity for our exports to compete effectively in the Common market. As a minimum Canada should seek arrangements which would assure us a fair share of the existing European market for agricultural products and of any increase in that market.

B. RENEGOTIATIONS WITH OTHER COUNTRIES

7. It is the responsibility of any country wishing to withdraw concessions to offer equivalent compensation, or to expect the withdrawal of equivalent concessions which it enjoys. Some countries other than the Six may wish to negotiate the withdrawal or modification of some

concessions bound to Canada. However, preliminary indications are that negotiations of this kind will not be numerous or important, and that it is not likely that they will raise any question of compensatory withdrawals by Canada. The special case of lead and zinc is referred to in paragraph D.

C. RENEGOTIATION OF CERTAIN ITEMS IN THE CANADIAN SCHEDULE

8. Under the terms of GATT Article XXVIII bound items not modified or withdrawn before the end of 1960 are automatically renewed for a further three-year period. Such an extension of the bindings, however, is subject to the "special circumstances" provision whereby a country may obtain authority from the Contracting Parties to renegotiate particular items within the three-year period of "firm" bindings.

9. In 1957 the Tariff Board was instructed to undertake a comprehensive review of the whole of the Canadian textile schedule.[119] Reports on certain important parts of that schedule were received in 1959 and implemented in the 1960 Budget, following renegotiations. Further reports on textiles are expected shortly, and, if approved by the Government, any necessary consequential negotiations should be undertaken by the Delegation. The Delegation should also secure the withdrawal or modification of the present commitment on automatic record changers to permit implementation of the Tariff Board Report thereon, and should undertake the negotiation of any minor changes in other items in the present Canadian schedule which it may appear desirable to modify in the light of a review which the Minister of Finance is making of representations which have been submitted.

10. With respect to chemicals and other references now before the Board (apart from textiles which are dealt with above) no action is required at the forthcoming Conference. The Delegation may, as appropriate, indicate to the Contracting Parties before the end of 1960 that after the Tariff Board completes its investigations in respect of references now before it, Canada may wish to avail itself of the "special circumstances" provisions of Article XXVIII for the renegotiation of certain items. With respect to the automobile schedule the Delegation may be given further instructions before the end of the year in the light of progress made by the recently appointed Royal Commission.

D. NEGOTIATIONS FOR NEW CONCESSIONS

11. The negotiations for new concessions normally take place between pairs of countries and involve the exchange of new concessions on both sides of approximately equivalent value. As part of a general programme for the expansion of international trade, the United States has undertaken to make further reductions in the U.S. tariff on the basis of reciprocity. It is expected that there will be a substantial new negotiation between the United States and the EEC. In addition, the United Kingdom and other countries of the European Free Trade Association have indicated their intention to negotiate with the EEC as well as with the United States and this former aspect of the negotiations is of significance for the trade split in Europe. Unless some generally acceptable means is found to mitigate the trade difficulties between the Six and the Seven there is danger that preferential arrangements will be worked out between the two groups, which would discriminate against Canada and other outside countries and undermine the multilateral trading system. Multilateral negotiations between the Six and the Seven at the forthcoming Tariff Conference, as a means of reducing European tariff barriers would make an important contribution toward easing these difficulties. Canada will benefit, of course, from the negotiations between the European Economic Community and the United States since the tariff concessions will be extended to all countries in the GATT on the basis of the most-favoured-nation principle. Canada should also benefit from some of the other

[119] Voir/See Volume 24, document 148.

negotiations; e.g. between other European countries on the one hand, and the United States and the EEC on the other.

12. Negotiations between the United Kingdom and the EEC and between the United Kingdom and the United States will affect us in two ways. To the extent that they result in lower EEC and the United States tariffs on products of interest to Canada, we will benefit. But to the extent that they result in lower United Kingdom M.F.N. tariffs our margins of preference in the United Kingdom will be reduced since we enjoy free entry, but not bound margins of preference, for most products in the United Kingdom. In respect of some Canadian exports the benefits of existing margins of preference in the United Kingdom market will be reduced also by the formation of the European Free Trade Association, which ultimately will involve complete free trade in industrial products among the United Kingdom and the other members of the Outer Seven.

13. Although under a 1947 exchange of notes Canada and the United Kingdom mutually released each other from their previous contractual commitments to each other in respect of margins of preference,[120] it is customary to keep in close consultation when it is proposed to alter margins which are of importance to the other country. While recognizing the broader advantages for Canada of effective U.K. participation in the Conference, the Canadian Delegation should make use of such consultations in seeking to minimize losses of preference on products of particular interest to Canada. If, however, in the negotiations the United Kingdom should reduce their M.F.N. rates of duty with consequential reductions in such margins of preference, they could not object to Canada doing likewise in the course of our negotiations. Moreover, United Kingdom participation in EFTA involves the creation of reverse preferences against us and in favour of their EFTA partners on a number of products. Accordingly, they presumably will have to seek a modification of their commitments under paragraph 8 of the Canada-U.S. Exchange of Notes of October 30, 1947. Further, if pursuant to arrangements with their European partners the United Kingdom should raise rates against us this again would justify compensatory adjustments in the Canadian tariff. These developments may create somewhat more scope for Canadian negotiations with the United States and other non-Commonwealth countries than otherwise would exist.

14. It must be recognized that after the repeated rounds of negotiations which have taken place, the scope for additional reductions in Canadian M.F.N. rates of duty is very limited. On the other hand, in our negotiations with the United States we are entitled as appropriate to seek compensation for the impairment of tariff concessions we obtained in the past on such products as lead and zinc where the United States has applied quota restrictions under the GATT escape clause. We thus may have some scope for obtaining new concessions from the United States without significantly altering the protection afforded by the Canadian Tariff to our industries. It will, however, be necessary to be prepared to offer some modest concessions in the Canadian Tariff where practicable if the benefits to be obtained in other markets clearly justify this. Such reductions should be carefully chosen to benefit Canadian consumers, while minimizing the impact on Canadian producers. The Canadian Delegation should seek new tariff concessions of benefit to Canadian exports to the United States, European and other countries, making use where possible of such bargaining power as is available without adversely affecting the effective level of protection afforded to Canadian agriculture and industry. If worthwhile benefits could be obtained in exchange for tariff concessions by Canada, the Delegation should consult the Minister of Finance about the possibility of offering such concessions.

[120] Voir/See Volume 13, documents 691, 692.

E. NEGOTIATIONS WITH NEW MEMBERS

15. A number of countries, notably Spain, Portugal and Israel, will be participating for the first time in GATT tariff negotiations. Since our trade with these countries is small, the scope for negotiations on both sides is strictly limited. However, newly acceding countries are expected in return for the benefits of tariff concessions previously negotiated, to pay a form of "admission fee" through tariff concessions on their side. Accordingly, it is recommended that the Canadian Delegation be authorized to enter into negotiations with these three countries.

16. Finally, arrangements have been made for the association of Poland with the Contracting Parties to the General Agreement, and there may be scope for strengthening our relations with this state trading country through negotiation which would involve minimum purchase commitments on the Polish side. While Canada would not wish to play a leading role in initiating negotiations of this kind, the Canadian Delegation should, in consultation with the Polish Delegation and other countries, explore the possibilities that may exist.

Recommendation

17. It is recommended that the Delegation to the 1960-61 GATT Tariff Conference should be guided by the foregoing instructions on the understanding that the Delegation would consult as required with the Ministers of Finance and Trade and Commerce as the negotiations proceed.

[H.C. GREEN]

144.

DEA/14052-8-1-40

L'ambassadeur en Belgique
au secrétaire d'État aux Affaires extérieures

Ambassador in Belgium
to Secretary of State for External Affairs

TELEGRAM 633

Brussels, August 30, 1960

RESTRICTED. PRIORITY.

Repeat Tariff Delegation, Bonn, Rome, Paris, NATO Paris, Hague, Geneva, London, Washington, T&C Ottawa, Finance Ottawa, Bank of Canada Ottawa, Agriculture Ottawa from Ottawa.

GATT TARIFF CONFERENCE — EEC PARTICIPATION

It is clear from our talks with Donne, Head of the Commissions Delegation to the Tariff Conference, that (a) the EEC does not repeat not anticipate granting any reduction in its common external tariff during the first phase of the conference; (b) the Community is convinced its tariff is already lower than required under Article XXIV(5) of the GATT; and (c) the Six will not repeat not enter the second phase of the Conference until their tariff is approved under Article XXIV.

2. The attitude of the Community for the renegotiations under Article XXIV(6) may be summarised as follows:

The common external tariff already provides built-in compensations. The binding of duties in the common external tariff constitutes further compensation since such bindings cover all countries of the Community while concessions withdrawn applied to one or two member countries only. Bindings of low duties or of duty-free treatment are concessions equivalent to reductions of high duties (Article XXIX (2) (a)). On the basis of the foregoing arguments the Six will seek to renegotiate the withdrawal or modification of concessions without offering any reduction in their common external tariff.

3. We understand that the Community's "negative list," i.e. those items which it is not repeat not prepared to bind against increase, include cereals, sugar, petroleum, lead and zinc.

4. On procedures Donne said they will table their proposals on the first day of the conference. Contracting Parties might be given something like two weeks to examine these. It will then be for the Contracting Parties to decide whether all items should be negotiated on a country-by-country and product-by-product basis, or whether it might be possible to agree on a number of items leaving only a restricted group of products for negotiations with individual Contracting Parties or group of Contracting Parties concerned. Unless something of this kind was agreed it would not repeat not be possible to complete Article XXIV negotiations by the end of the year.

5. The Six expect to have their tariff approved under Article XXIV(5) at the end of the first phase of the conference. This approval is regarded as a condition precedent for moving on to the second phase. According to calculations by EEC experts the average weighted rate of duty of the Common External Tariff on the basis of 1958 imports is something like 10 percent below that of the four constituent tariffs (7.9 percent compared with 8.6 percent). This, Donne said, provides sufficient proof that the Common External Tariff meets the requirements of Article XXIV(5). Accordingly they expect approval to be obtained readily once Article XXIV(6) negotiations are over.

6. However confident the EEC delegation may appear to be they are not repeat not so sure of themselves in regard to agriculture. Donne admitted that their offers might not repeat not be acceptable to agricultural exporters and that some means should be found to protect the interest of countries like Canada, Australia and New Zealand.

145. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], August 31, 1960

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Finance (Mr. Fleming),
The Minister of Transport (Mr. Hees),
The Solicitor General, Acting Secretary of State and Acting Minister of Justice (Mr. Balcer),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Martin), (Dr. Hodgson).

. . .

G.A.T.T. TARIFF CONFERENCE, 1960-61; INSTRUCTIONS

30. *The Minister of Finance* said the G.A.T.T. Tariff Conference would open in Geneva on September 1st, and that consideration should be given to the instructions to be given to the Canadian Delegation headed by Mr. Hector McKinnon. Forty countries, representing over 90 per cent of the world's international trade, were participants in these G.A.T.T. negotiations which were based on the principle of reciprocity of tariff concessions. There would be five kinds of negotiations:

(i) Renegotiations with the six members of the European Economic Community. The six countries would hereafter negotiate as one and would establish a new schedule of concessions which would maintain the overall balance of advantages under the previous tariff agreements. Germany and Holland had previously been low-tariff countries and would therefore raise the level of their rates; while France, which had formerly been a relatively high-tariff country, would lower its rates. Canada would be particularly affected by the proposed increases.

(ii) Renegotiations with any other countries wishing to withdraw any present bindings.

(iii) Renegotiation of some items in the Canadian Schedule in the light of Tariff Board reports.

(iv) Negotiations for new concessions with a number of countries, including the European Economic Community as a unit and the United States.

(v) Negotiations with countries applying for accession to the General Agreement, e.g. Spain, Portugal and Israel.

An explanatory memorandum had been circulated, (Memorandum, Secretary of State for External Affairs, Ministers of Finance and Trade and Commerce, Aug. 16 – Cab. Doc. 266-60).

31. *Mr. Fleming* went on to say that the written instructions were intended to provide general guidance but that the delegation would also consult as required with the Ministers of Finance and Trade and Commerce as the negotiations proceeded.

In the renegotiations with the E.E.C., the Canadian Delegation should not regard tariff concessions alone as adequate safeguards for Canadian exports. The tariff would probably be only one of a variety of protective instruments to control agricultural imports into the Community, other possible instruments included variable import levies, quantitative restrictions and state trading. Canadian exports of wheat, coarse grains, tobacco, vegetable oils, apples and fish could be adversely affected by these arrangements. The Canadian Delegation should therefore seek to obtain commitments from the Six giving assurance about the totality of barriers. As a minimum Canada should seek arrangements that would give assurance of a fair share of the existing European market for agricultural products and of any increase in that market.

The Minister said that the Canadian Delegation would not ask to renegotiate many of Canada's present bindings because this would lead to demands from other countries for equivalent concessions, and these demands would almost certainly be directed against Canada's agricultural exports.

Under Article XXVIII of G.A.T.T., bound items not modified or withdrawn before the end of 1960 were automatically renewed for a further three-year period. The Tariff Board had reported in 1959 on certain parts of the Canadian textile schedule and these were then renegotiated. Further reports on textiles were expected shortly and if approved by the Government, any necessary negotiations would be undertaken by the Delegation. Further instructions might be issued on the automobile schedule before the end of the year in the light of progress made by the recently appointed Royal Commission.

32. *Mr. Fleming* said that the U.S. had undertaken to reduce its tariff on the basis of reciprocity. Canada would benefit from the expected negotiations between the E.E.C. and the U.S. because the tariff concessions would be extended to all countries in the G.A.T.T. on the basis of the most-favoured-nation principle. Canada should also benefit from some of the other negotiations particularly those between other European countries on the one hand and the U.S. and the E.E.C. on the other.

Negotiations between the United Kingdom and other countries would affect Canada in two ways. Any reductions in E.E.C. or U.S. tariffs on products of interest to Canada would be beneficial to us. On the other hand any reductions in United Kingdom M.F.N. tariffs would reduce Canadian margins of preference in the U.K., because we enjoy free entry but not bound margins of preference for most of our products in the U.K. He hoped to learn more about the intentions of the U.K. in three weeks' time when Mr. Churchill and himself were in London for the meeting of the Commonwealth Economic Consultative Council.

About a month previously a delegation from the Canadian Manufacturers' Association had waited upon Mr. Fleming and Mr. Churchill to urge the government not to reduce the protection to secondary industries. They had expressed satisfaction on the handling of G.A.T.T. negotiations by the government during the past three years, and their concern about the future had been allayed by the Ministers' assurance that no concessions would be made light-heartedly and that full consultation with industry would be maintained. The C.M.A. were also informed that their tariff expert would be helpful to the Canadian Delegation if he decided to proceed to Geneva.

33. *During the discussion* the following points were raised:

(a) The principle of equivalent concessions was not as fair as it appeared to be, because the original agreement had bound Canada at a low tariff level whereas other countries had been at high rates and had retained this advantage. The only equitable arrangement would be one in which negotiations would provide for the gradual raising of duties in low-tariff countries and the gradual reduction of rates in high-tariff countries.

(b) Some said that the officials tended to regard the G.A.T.T. as a sacred cow and were reluctant to contemplate any change. Canada needed to be represented by tough negotiators who would obtain the greatest possible concessions from other countries.

(c) Other members said that any general concessions given by Canada had been in force for some years. If an attempt was made at this time to withdraw them, it was only realistic to expect other nations to withdraw concessions from Canada, and in the most sensitive areas.

(d) Some said that Canada's tariff policy had the effect of sacrificing secondary industry for the sake of primary industry, and that the emphasis ought to be reversed because secondary industry produced more wealth per capita and more employment.

34. *The Cabinet* noted the statement of the Minister of Finance on instructions to be given to the Canadian Delegation to the G.A.T.T. Tariff Conference, 1960-61, and agreed to discuss the subject again at the next meeting of the Cabinet.

. . .

146. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], September 1, 1960

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Finance (Mr. Fleming),
The Minister of Transport (Mr. Hees),
The Solicitor General and Acting Secretary of State (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes)
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Dr. Hodgson).

G.A.T.T. TARIFF CONFERENCE, 1960-61; INSTRUCTIONS
(Previous reference August 31)

1. *The Minister of Finance* outlined the contents of two memoranda prepared in his Department,† one summarizing tariff reductions in G.A.T.T. which had affected trade between the United States and Canada, and the other describing the use made of five kinds of escape clauses in the G.A.T.T. by various countries.

Article XII of the G.A.T.T. permitted a Contracting Party to apply quantitative import restrictions to safeguard its external financial position and its balance of payments, and Article XIV authorized discriminatory restrictions in certain circumstances. These provisions had been used extensively, and the Canadian and U.S. delegations had always vigorously opposed their use unless the necessity was clearly demonstrated. Relatively few restrictions of this kind now remained. The present dollar discrimination had no justification under any G.A.T.T. article. Canada could not impose restrictions under these articles because the definition of balance of payments covered capital imports in addition to commodity trade.

The Minister said a second escape clause was Article XVIII which made concessions to countries with a low standard of living. This had been used chiefly by Ceylon.

Under Article XIX concessions might be withdrawn or modified to prevent serious injury to domestic producers. This article had been used mainly by the U.S. Most important to Canada were the restrictions placed on imports of lead and zinc into the U.S. under this article. The Prime Minister had spoken to Mr. Dulles and later to President Eisenhower about the adverse effect of these restrictions upon Canada, and the subject had also been raised at the Joint Ministerial Cabinet Committee meeting in Washington in November 1957.[121] The U.S. had admitted Canada's entitlement to compensation if these restrictions became permanent, but the

[121] Voir/See Volume 25, document 137.

U.S. administration had been hoping that Congress would not fix lead and zinc quotas by statute. If Canada insisted upon compensation at this time, the likelihood of permanent restrictions by the U.S. would be increased.

The Minister said a fourth form of escape clause was Article XXIV which permitted countries to derogate from the M.F.N. rule if they participated in a free trade area or customs union. This article had been invoked by Benelux, E.E.C., E.F.T.A., the Central American Free Trade Area and the Latin America Free Trade Area.

The fifth form of escape clause was the provision in Article XXV that the Contracting Parties by a two-thirds majority might waive an obligation imposed by G.A.T.T. Three important waivers had been granted, one each to the U.S., Belgium and Germany. Throughout the life of the G.A.T.T. the U.S. had maintained restrictions on imports of certain agricultural products, although this had been in contravention of the General Agreement. In 1955 the U.S. had succeeded in obtaining a waiver to regularize their restrictions. They had not added to the restrictions, but still applied them to a number of products. In the U.S. the General Agreement had never been submitted to the Congress because of the Administration's fear that Congress would refuse to adopt it. The waiver had been insisted upon in 1955 because the Administration had expected that otherwise the Congress would have upset the Agreement at that time.

2. *Mr. Fleming* said that issue of the proposed general instructions to the Canadian Delegation at this time would not preclude the issue of special instructions later.

3. *During the discussion* the following points were raised:

(a) Some said that protests against breaches of the General Agreement by other countries had failed in the past to bring about redress. Canada needed more aggressive representation at the G.A.T.T. conferences.

(b) Some members said the waiver obtained by the U.S. on agricultural products had been damaging to Canadian agriculture and that Canada should seek a similar waiver. The U.S. would never surrender its waiver and meanwhile the problems of surplus disposal in Canada would continue to increase. Next year the cost to the government of maintaining a reasonable level of agricultural prosperity would be at least $200 to $300 million and might be twice as much, depending on future U.S. agricultural policy.

(c) Others said that Canada's difficulties in this regard stemmed not from the G.A.T.T. but from the U.S. surplus disposal policy. If Canada tried to obtain a waiver, other nations would be likely to try to withdraw present concessions. Furthermore, Canadian protests had led the U.S. to modify its agricultural surplus disposal programme, but if Canada sought a waiver it could no longer protest the behaviour of the U.S. Germany had also exceeded the terms of its waiver and had given ground when pilloried.

(d) Canadians import more per capita than any other nation. The most recent statistics showed Canadian imports per capita per annum as $273, as compared with $28 for the U.S. and $48 for the U.K. On the other hand Canada was also the world's largest exporter on a per capita basis, and was the fourth trading nation in the world. Much of our imports took the form of capital goods to be used for national development. During the first 6 months of 1960 total exports had been 8 per cent higher than in 1959, a record year.

(e) Some said that U.S. firms commonly violated their contracts to buy Canadian pulp and paper and other materials if their needs were reduced or if they saw opportunities to buy more cheaply elsewhere. Others said that the reductions were rarely in breach of contract, and that legal recourse existed for any such breaches.

(f) Different opinions were expressed on the general value of G.A.T.T. to Canada. Some said the Agreement was damaging to Canada's interests. Others said that G.A.T.T. had been highly beneficial to the growth of Canada's trade. The volume of trade with the U.S. had expanded greatly, and in recent months following the removal of restrictions, encouraging progress had been made in increasing trade with the Commonwealth. A restrictive tariff would hamper Canada's economic growth. As a great trading nation, Canada's international position was particularly exposed, and non-discriminatory multilateral trade was vitally important to this country.

(g) Some said the position of secondary industry in Canada was weakening. The automobile manufacturers in Oshawa and Oakville were each reducing their labour force by 1,000 this season as compared with last year. The Steel Company of Canada had laid off 1,300 and would probably cut its employment still farther. Canadian General Electric was reducing its payroll by 3,000 persons. Other members said that on the whole the position of secondary industry was reasonably satisfactory. The index of industrial production in June 1960 was 174.1 as compared with 172.9 in June 1959. In any case the problem of foreign competition could not be met by tariffs, because they could not be raised to a level high enough to be effective.

(h) Tariff adjustments on individual products could be negotiated either at the G.A.T.T. Conference or between meetings. Prior investigation by the Tariff Board was not necessary but was a convenient procedure because the industry concerned was required to prove the need for tariff adjustment, and the views of all interested parties were heard in advance. On the other hand the Board had already been given enough work to keep it fully engaged for the next two years.

(i) Studies by officials of the further processing of Canadian raw materials had produced disappointing results. The government might consider a systematic approach to the provinces urging them, when considering the issue or renewal of resource exploitation permits, to ask the applicant companies to state their plans for the processing of the materials. The formal initiative would probably have to be taken by the provinces because of their jurisdiction over the resources, but the government of Canada was also concerned because of the implications for international trade. Applicants for permits in the Northwest Territories were normally asked to state their plans for processing.

(j) The government should urge the hydro organizations to participate in a major and co-operative research programme in the field of long-range power transmission.

(k) The Canadian Chamber of Commerce and the Canadian Manufacturers' Association should be urged to launch vigorous "Buy Canadian" campaigns. The electrical goods industry was already active in this field. Different opinions were expressed on whether the Prime Minister was in a position to urge the people of Canada to buy domestic rather than imported manufactured goods.

4. *The Cabinet,*

(a) approved the recommendation of the Secretary of State for External Affairs and the Ministers of Finance and of Trade and Commerce that the Canadian Delegation to the 1960-61 G.A.T.T. Tariff Conference should be guided by the instructions contained in the joint Memorandum of August 16th (Cab. Doc. 266-60) on the understanding

(i) that special instructions would subsequently be issued to the Delegation with regard to specific manufactured articles and agricultural products;

(ii) that the Delegation would consult as required with the Ministers of Finance and of Trade and Commerce as the negotiations proceed; and,

(b) agreed that a special committee comprising the Ministers of Finance, Agriculture and Trade and Commerce would draft special instructions to be issued to the Canadian Delegation in respect of individual commodities, for consideration by the Cabinet.

. . .

147. DEA/14052-1-40

Le secrétaire d'État aux Affaires extérieures
à la délégation à la Conférence sur les droits de douane du GATT

Secretary of State for External Affairs
to Delegation to GATT Tariff Conference

TELEGRAM ET-1150 Ottawa, September 1, 1960

SECRET. PRIORITY.

Repeat Geneva (Information).

INSTRUCTIONS TO GATT TARIFF DELEGATION

Cabinet has now approved the instructions proposed by the Ministers concerned subject however to further consideration later of decision to rebind certain agricultural items and possibly some others.[122]

2. For your background information there was apparently considerable discussion of escape clauses in general and the United States agricultural waiver in particular. The feeling was strongly expressed that with this waiver the United States had retained a great deal of freedom of manoeuvre, freedom which would be denied to us unless we refrained from rebinding some items or sought a similar waiver. It was decided not repeat not to seek such a waiver.

3. Department of Agriculture will be putting before other departments a list of the particular items they would propose to consider for unbinding. This list will certainly include soya beans.[123]

148. DEA/14052-1-40

Le sous-ministre adjoint du Commerce
au sous-ministre du Commerce

Assistant Deputy Minister of Trade and Commerce
to Deputy Minister of Trade and Commerce

PERSONAL AND CONFIDENTIAL Geneva, September 14, 1960

My dear Jim [Roberts]:

We were glad to learn from External ET-1150 that Cabinet had in general approved instructions to the Delegation as proposed by the Ministers chiefly concerned. However, the news that this is subject to further consideration of the decision "to rebind certain agricultural items and possibly some others" would seem to have rather serious implications for our

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[122] Voir le télégramme non numéroté du ministère des Finances à la Délégation sur les droits de douane à Genève, le 26 novembre 1960. † MAE 14052-1-40.
See unnumbered telegram, Department of Finance to Tarifdel Geneva, November 26, 1960.† DEA 14052-1-40.

[123] Voir Conclusions du Cabinet, le 17 décembre 1960./See Cabinet Conclusions, December 17, 1960.

negotiating position in this Conference and more importantly for the direction of our commercial policy. I know that you and the Minister will have both these broad considerations very much in mind in your discussions, but have nevertheless thought it worthwhile to let you know how I see the picture from here.

As far as the 1961 negotiations are concerned, we must accept that there is little room to secure new concessions through reductions in our M.F.N. tariff. To the extent our limited bargaining power is used up to pay for items we must renegotiate, our freedom to further Canada's export interests through the new negotiations is ever more tightly circumscribed. This is true whether we wish to raise a bound Canadian tariff or simply withdraw a binding — other countries will insist on being paid for either of these actions. If the compensation we offer is inadequate, other contracting parties, notably the United States, will have the right to withdraw concessions we now enjoy.

My reading of the situation is that any significant unbinding of the Canadian tariff would quickly put us in a position where we would face compensatory withdrawals by other countries — and of course this would mean that we would have little or no scope for direct participation in the new negotiations. From the point of view of Trade and Commerce, this is indeed a blank outlook. To put it bluntly, unless the pressure to unbind important agricultural and possibly other tariffs is resisted, we will come out of this Conference with a good deal less favourable terms of access for our exports than we now have. We would face the withdrawal of valuable trade concessions by the United States, and our loss there would be in addition to the inevitable dilution of preferences in the United Kingdom and the difficulties we will face in maintaining our position in the Common Market, particularly in the field of agriculture. All this of course has important implications for our export income and our payments position at a time when we are concerned about our current account deficit.

Other than by virtue of being born on a bean and tobacco farm in Southwestern Ontario, I make no claim to expertise in Canadian agriculture. I have the strong feeling, however, that the present trend to increase the protection afforded our farmers may be ill-advised; it is certainly ill-timed from the point of view of our interests as an exporter.

As for soya beans, as I understand it, if the price of beans and oil were raised through tariff action, substitute products might well take over the market and the move to help the growers of soya beans prove self defeating. To spread the protection over the whole field of oils and seeds would have serious cost implications and would of course further impair our negotiating position with other countries; (and raise problems with our less developed Commonwealth partners). Moreover, there is the important preferential market for soya beans and soya bean products in the United Kingdom. The preference is small and an increase in Canadian prices might well mean the loss of this market to the United States and other suppliers. I doubt whether this loss could be wholly avoided through obtaining tariff drawback on soya beans imported from the United States. Drawback would not, for example, be of any assistance to our exports of soya beans as distinguished from the processed soya products. Another point to be considered is whether a tariff on soya beans would really help in dealing with our general agricultural problems. I fail to see how the proposed protection would help to deal with surplus wheat production. It seems to me that we might only find land switched to soya beans which is now being efficiently used — and profitably used — to grow tobacco and corn. But this sort of point is for others to argue who know agricultural economies better than I.

What I am sure about is that if we unbind soya beans and other agricultural items, we will not be able to compensate the United States without cutting into the level of protection for other sensitive agricultural products and/or impairing our important export market south of the border.

From the point of view of the interests of agricultural exporting countries, a move to increase agricultural protection in Canada at this time could hardly be more unfortunate. As a result of important decisions recently taken in the GATT, we are now joined with our trading partners in a joint offer to do something about the frustration of trade in agricultural products through measures of domestic protection. As a major agricultural exporter, our interest in this exercise is obvious. The success of this initiative is by no means assured and our capacity to bring the work to a fruitful conclusion will of course be greatly inhibited if domestically we now move in the reverse direction. Then there is the old question of the U.S. waiver. The Americans have in fact been reducing their reliance on this "out" and there is some hope that they could be persuaded to give it up in the context of a solution to the general problem of agricultural protectionism, or if such a move proved necessary in order to secure the opening of European markets, especially the Common Market, to U.S. agricultural exports. Prospects of influencing the United States in this direction would of course be undermined if we were to give our farmers more protection at this time.

Our capacity to persuade the Six to give Canada and other agricultural exporters reasonable terms of access to the Common Market would similarly be seriously reduced. The renegotiation of agricultural items previously bound to outside countries by one or other members of the Six promises to be the most difficult feature of our task here in the months to come. This will be made much more difficult if by our own action we appear to support the thesis that agriculture must be fully protected from the normal forces of international trade.

If we permit ourselves to be pushed into unbinding or seeking higher tariffs for soya beans and a range of other agricultural items, it seems to me that it will become difficult, if not impossible, to resist similar pressures from the manufacturing sector. If this were to happen, the problem of finding compensation in the Canadian tariff would be intensified and withdrawals of important concessions we now enjoy — and value — would become widespread and inevitable.

I do not argue that the present level of our tariff is necessarily the right one or that higher tariffs for some items may not have a role to play in furthering our economic well-being. I think, however, that the Government would be well advised to continue the policy of insisting on public hearings through the Tariff Board or otherwise before deciding to increase important tariff items. This procedure helps to insure that all the relevant factors are taken into account, including the interests of exporters, of consumers and of users of imported items. Moreover public hearings serve as a buffer between the Government and the particular pressures which are brought upon Ministers by one or other segment of industry or by particular companies. Incidentally it is not correct to think that the present period is the only time during which unbindings or tariff increases can be cleared through the GATT. Under the liberal interpretation of the "special circumstances" clause which now prevails, it is always possible to bring such requests before the Contracting Parties.

If without being satisfied that a move to give increased protection to a particular industry or sector is in the national interest, the Government were to yield to pressures for greater protection, it seems to me that we would be starting down a long and dangerous road, with no end to the claims which would be pressed on Ministers. We are living in a buyer's market and in a world which promises to become more rather than less competitive. In these circumstances should we embark on a policy which promises to increase our costs and undermine the position of our exports relative to that of our competitors? There must be measures other than industries in a position to enjoy an appropriate share of the domestic market, and to compete in markets abroad. If we insulate our economy through higher tariffs, we will build in outdated patterns of production and lose the flexibility and dynamism which it is so necessary to maintain in our

day and age if we are to keep up technologically and otherwise with other countries throughout the world.

The way I see it more protection might be a temporary palliative for our secondary industry but surely if other countries move forward and we stand still or go back, the problem will only present itself again a few years hence in even more acute form.

I hope from what I have written you will not think of me as a dyed-in-the-wool free trader, unaware of the problems facing our farmers and manufacturers, and unconcerned about our unemployment, quite the contrary. What I wish to do however is to place before you a number of considerations which I think need to be borne in mind in thinking about the direction of our future commercial policy, if that policy is to serve the national interest as a whole in the years to come as well as in the period more immediately ahead. In recent months, attention has perhaps been unduly focussed on the difficult problem of foreign competition in our market. The briefs which Ministers have received have been pretty well in one direction. They have not been similarly exposed to the submissions made to our Department seeking improved access to foreign markets. The voice of the exporter and the consumer has not been sounded throughout the land.

Of course if a fair and objective consideration of all the interests involved dictates a policy of greater protection for certain sectors, then we must set accordingly. I trust, however, that, before we embark on a general course of higher tariff protection, the factors which have loomed less large in recent discussions, but which are of fundamental importance to our cost structure and to the long term health of our economy, will have been given the careful attention they deserve.

This letter has been discussed with Hector and the representatives of the other departments in the Delegation here. For whatever use they may be I am sending copies to those concerned in the Department of Finance, External Affairs and Agriculture, the Privy Council and the Bank of Canada.

Yours sincerely,
J.H. WARREN

149.

DEA/14052-1-40

La délégation à la Conférence sur les droits de douane du GATT au secrétaire d'État aux Affaires extérieures

Delegation to GATT Tariff Conference to Secretary of State for External Affairs

TELEGRAM 1071

Geneva, September 30, 1960

CONFIDENTIAL. PRIORITY.

Reference: Our Tel 1053 Sep 13.†

Repeat T&C Ottawa, Finance Ottawa, Bank of Canada Ottawa, Agriculture Ottawa, National Revenue Ottawa, PCO Ottawa from Ottawa, London, Washington, NATO Paris, Bonn, Brussels, Rome, Hague (Information).

By Bag Stockholm, Canberra, Wellington, Tokyo, Oslo, Copenhagen, Lisbon, Madrid, Berne from London.

TARIFF CONFERENCE SECOND AND THIRD WEEKS

As reported in our reference telegram the Tariff Conference at its meeting of September 6 agreed that in order to simplify and expedite the first phase of the negotiation, Contracting

Parties should examine the bindings of the Common Tariff offered by the EEC and inform the Secretariat on a provisional basis of those items on which they found the internal compensation satisfactory. The renegotiations could then be focussed on the remaining items.

2. Although not repeat not enthusiastic about this procedure we have been proceeding with a product by product analysis of the offers beginning with those items (approximately 70) on which we have bindings from one or more of the Six which will be breached by the establishment of the Common Tariff. Our preliminary findings were that there were possibly ten, (mostly items of which we had had no repeat no exports to any of the Six in the past three years), on which we might be able to indicate we were satisfied. Of this first group the offers on all those items in which we had a substantive interest were unsatisfactory and in some cases nonexistent. There is a smaller second group of items in which we have principal supplier rights and no repeat no bindings. In addition there are of course offers by the Six where no repeat no binding is breached; these are therefore not repeat not up for renegotiations. Some items of importance to Canada fall in this category.

3. We had hoped to obtain clarification with regard to the offers on some specific items at an informal meeting of interested Contracting Parties with the Six on September 22. (You will recall that a decision to hold such a meeting was taken at the 16th Session.) Unfortunately the discussions were almost immediately diverted from specific items to the general methods used by the Six to reach their conclusion on the general incidence of the Common Tariff and eventually an unofficial Working Party as set up to discuss this question with them. Since we are anxious at this stage to avoid being drawn into discussions about the general incidence o the Common Tariff, we are not repeat not taking part in this exercise.

4. The September 23 meeting of the Tariff Conference was devoted mainly to reports from delegations on the progress which had been made in preparing lists of items on which they were tentatively satisfied with the Six's offer. In our statement we did not repeat not give an indication of whether we might in due course submit such a list to the Six or not repeat no Instead we stated that we were proceeding as rapidly as possible with our analysis of the proposals. Insofar as we were able to determine at present the offers made were mos unsatisfactory (this was especially the case in the field of agriculture) and we were not repea not even sure that they provided a basis on which negotiations could take place. However w proposed to continue with our study and as soon as it had been completed to arrange an earl meeting with the Six to discuss our findings (i.e. begin the Article XXIV-6 negotiations c specific commodities). We have emphasized to UK and USA delegations that the EEC offer us is far from satisfactory as there is some risk that our position could be undercut by then

5. Our attempt thus to bypass the procedures agreed to in the earlier Tariff Conferen meetings appears to have been successful and the outcome of the September 23 meeti although the point was never made explicitly was that delegations which do not repeat n have extensive lists of items are free to open negotiations as soon as they see fit and witho going through the procedure of setting aside acceptable items. We are accordingly proceedi with our analysis of those items on which we have a principal supplier or substantial intere Our present assessment is that we will probably have our first meetings with the EI sometime next week. In the meantime we are devoting much of our effort to checking w other delegations who hold bindings in which we have an interest or who have an interest items in which we hold bindings.

150.

DEA/14053-U-4-40

Le secrétaire d'État aux Affaires extérieures
à la délégation à la Conférence sur les droits de douane du GATT

Secretary of State for External Affairs
to Delegation to GATT Tariff Conference

TELEGRAM ET-1337 Ottawa, October 5, 1960

CONFIDENTIAL. PRIORITY.

Reference: Message 2365 September 20 from Washington.†

Repeat Washington, Paris, Bonn, Hague, Brussels, Rome, Geneva, London, T&C Ottawa, Finance Ottawa, National Revenue Ottawa, Agriculture Ottawa.

REQUEST LIST ON THE SIX

In the light of the USA decision to submit their request list on the Six and your discussions with Campbell Smith we have prepared a list of items which might be included in the Canadian request list. We of course would leave it to you to decide on the basis of your own assessment of the best negotiating posture as to whether and, if so, when a request list should be submitted. We would also expect that you may wish to modify any list either by the inclusion of additional items or the deletion of ones suggested by us on the basis of the negotiations so far.

2. In preparing our list we have included agricultural items and you will no doubt wish to consider these in the context of the overall agricultural problem. In this respect we have particularly in mind that tariff concessions alone would not be adequate to assure access of Canadian products in the light of the other restrictive devices that may be developed in the field of agriculture. We have omitted items which are bound free to us and show duty free entry in the proposed Common Tariff on the assumption that these would be rebound in the paragraph six negotiations. The list is arranged in order of tariff items.

3. Following is the suggested list: EX 03.02 salted cod, EX 04.02 powdered skim milk, 10.01 wheat, 10.02 rye, 10.03 barley, 10.04 oats, EX 11.01 flour of wheat, EX 12.03 hybrid clover seed (alsike), EX 12.03 grass seeds, EX 16.04 canned salmon, EX 17.02 maple syrup, EX 22.09 whisky, 24.01 tobacco, EX 29.04 pentaerythritol, EX 29.11 vanillin, EX 39.01 polyamide resins (nylon flake), EX 39.02 polystyrene, polyethylene, polyvinylchloride, EX 44.05 wood coniferous sawn lengthwise, EX 47.01 woodpulp for papermaking, EX 48.01 newsprint paper, EX 74.03 copper bars, profiles etc., 76.01 aluminum primary, 79.01 zinc primary, EX 83.15 radio wireless apparatus (air navigation equipment), EX 84.52 calculating machines.

4. We have omitted oil seeds, a Common Agricultural Policy item, because the Common Tariff schedule provides for duty free entry and there are existing bindings to Canada by Italy and France on flaxseed.

5. If you think that it would be desirable to have the list also submitted in the capitals of the Six, our missions to EEC countries should be informed accordingly.

151. DEA/12447-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Secretary of State for External Affairs to Under-Secretary of State for External Affairs

Ottawa, October 7, 1960

CANADIAN AGRICULTURAL TRADE WITH EUROPE

The future of our agricultural exports to Europe is of such importance that we thought i essential to bring you up to date on recent developments. This review is extensive but bears o important issues now before Cabinet.

You will recall that, as the result of a Canadian initiative, the five major agricultura exporters (the United States, Canada, Australia, New Zealand and Argentina), met in June wit the Six individually to discuss the proposals of the EEC Commission for a Commo Agricultural Policy (CAP). The Commission had recommended that a common market i agriculture among the Six be achieved principally by the merger of national marketin organizations, the establishment of uniform support prices, and the protection of domesti production from import competition. While a CAP based on these proposals and carried out i a liberal way could bridge existing discrepancies between price and productivity levels amon the Six and encourage the modernization and rationalization of their agriculture, the maj agricultural exporters had reasons to be concerned about the adverse impact this policy woul have on their agricultural exports to the Six, if it were implemented with high supports behin protective walls. The consultations provided them with the opportunity of impressing th concern upon the Six and of making it clear that they expected assurance of adequate access the EEC market on a competitive basis and known terms. Since then certain developmen have served to sharpen the issues raised for Canada by the adoption of a CAP by the Six.

There is increasing evidence that a CAP could now only be achieved at the cost of hi internal support if decisions are taken by the Six before next year's general elections Germany. German agriculture, with high production costs and an almost feudal charact enjoys extensive support and protection which have been given for reasons that are chief social and political. It is now fairly clear that the present German Government, with its stro rural backing, is not prepared to accept, at least for the time being, a CAP which would p German agriculture under severely increased competition; but the price which would have be paid by the EEC generally and its trading partners for a CAP based on high levels protection and support, could be considerable. A CAP of this kind would encoura uneconomical protection, bid up EEC food prices, require the curtailment of agricultu imports and possibly result in the accumulation of bothersome agricultural surpluses within t EEC, which would have to be disposed of on world markets. The Six thus have reached t point where they must face difficult policy issues such as how soon should a start be made the implementation of the CAP, which level of internal support will make it politically feasi to carry it out, and what concessions should be given their main trading partners in order forestall possible retaliation.

Since June the agricultural exporters, for their part, have used every opportunity to impr again on the Six their concern about the adverse effects some of the proposed policies co have on their agricultural exports to the Community. They have indicated that they could easily enter into extensive tariff negotiations with the Six at the GATT Tariff Confere without precise knowledge of the EEC's future terms of access for these agricultural expo The United States' concern about any failure of the Six to take third party interests adequat

into account in working out the CAP, was restated with particular vigour by Secretary Benson during a visit to several capitals of the Six in August, and in the opening statement of the United States delegation to the Tariff Conference in Geneva.

This firm stand is showing some results. The French recently asked the Secretary-General of the GATT to approach Canada, the United States, Australia and New Zealand and to find out how they would react to offers of long-term contracts with the Six on agricultural commodities. This is the first indication that the Six may have second thoughts about the wisdom of maintaining, as they had done persistently, that they can give agricultural exporters no assurance on terms of access to the EEC until the CAP has been fully developed. The four exporters concerned responded to the French approach by reiterating their request for adequate access to the EEC on a competitive basis and known terms and stating that they were prepared to consider whatever proposals the Six might put forward to insure this access; of the four countries approached by the French, the United States made perhaps the least forthcoming response. In their view, offers of long-term contracts were not good enough. The quantitative formula of the kind envisaged in the French suggestion would, they thought, set a pattern for the future and undermine the United States' known stand on trading and agriculture by encouraging pressures from underdeveloped countries for similar arrangements, and requests in the United States for quantitative limitations on imports into the United States market. In their judgment, continuing pressure on the Six from the agricultural exporters for adequate access into the Common Market was likely to prove the best way of influencing the level of EEC support of agriculture. We understand that while the French approach may have been largely unauthorized, the French officials now intend to consult with key officials among the Six in the light of these reactions and to develop further views during the months of October.

While the prospects for the CAP thus remain uncertain, it is quite clear that the agricultural exporters should refrain from any action that might weaken their position and impair their ability to influence the Six, now that the Six are nearing important decisions and showing signs of responding at last to external pressures. The issues at stake go much beyond the prospects for agricultural exports into the EEC. Failure on the part of the Six to develop a sound CAP might severely limit the scope of the entire GATT tariff negotiations which the United States and Canada regard as the most promising means of bridging, at least for the time being, the gap between the Six and the Seven, and from which Canada hopes to reap some trade benefits itself; they might impair GATT efforts presently under way to encourage freer international trade in agricultural commodities and encourage distortions which could hamper the implementation of the Rome Treaty and strain the future trading relationship between the EEC and other world traders. In view of recent United Kingdom initiatives on association with the Six, this possible turn of events would appear to be all the more disturbing, as acceptance of some form of common agricultural market with the EEC might eventually be part of the price the United Kingdom would have to pay in order to join it.

The strong and effective stand the United States have taken on the CAP, which is largely responsible for the reaction of the Six, has only been achieved as a result of a delicate assessment of the relative importance of their industrial and agricultural interests in the EEC and against their traditional disposition to be lenient with the Six for political reasons. The foundations for their stand might therefore be more precarious than they appear to be and care must be exercised not to undermine them. The United States criticism of the CAP has also been somewhat inhibited by their own agricultural waiver, which the Six could regard as an excuse for developing among themselves protectionist trading arrangements in agriculture. But the United States are now making progress in removing restrictions covered by this waiver and the possibility of relinquishing it altogether is now being seriously considered among United States officials. Perhaps the practical significance of such a move and indeed of the waiver itself should not be over-estimated in view of the great restraint with which the United States

have used it; perhaps there might be some danger too in injecting this issue into a settlement with the Six as a *quid pro quo* which the United States might eventually find politically impossible to deliver; it seems nonetheless desirable to encourage this trend and provide the United States with no excuse for a retreat.

The meaning of these developments for Canada is that every effort should now be made to resist the trend to help Canadian agriculture through an increase in protection. You will recall that when the Cabinet approved instructions for the Canadian delegation to the GATT Tariff Conference reference was made to the need for considering further the possibility of unbinding certain agricultural items in the Canadian tariff, notably soya beans. We understand that proposals to this effect may fairly soon be put before the Cabinet. But such proposals are not only ill-timed from the point of view of our interests as a major exporter, they could be ill-advised as well. Any significant unbinding in the Canadian tariff would surely mean that our ability to persuade the Six to give Canada and other agricultural exporters reasonable terms of access to the common market, and our means of influencing their CAP would be considerably reduced. We would find it increasingly difficult to lend effective support to the strong stand the United States are taking with the Six at our own urging. By appearing to support the view that agriculture must be fully protected from the normal forces of international trade, we would provide one more excuse for protectionism elsewhere and perhaps help to convince other agricultural exporters like New Zealand and Australia, who have so far formed a common front with us, that their exporting interests would best be served by bilateral deals with the Six. Moreover, if we unbind soya beans and other agricultural items, we shall soon have to face compensatory withdrawals of concessions by other countries; our important United States markets will be impaired and we shall be unable to offer adequate compensation to the United States without cutting into the level of protection for other sensitive agricultural products. In any event our scope for direct participation in the new GATT tariff negotiations will be correspondingly reduced. These prospects are serious when we face the inevitable dilution of preferences in the United Kingdom, the problem of maintaining our export position in the common market, long term issues of competition and balance of payments and requests for protection from many other sectors of the Canadian economy, which would become that much more difficult to deny. In brief, if we do not resist now proposals for the increased protection of domestic agriculture, we shall be disregarding the significance of developments in Europe and sacrificing concrete and long term Canadian interests for a temporary and perhaps illusory relief. It could be the start down a long and dangerous road.

N.A. ROBERTSON

152. DEA/14052-1-40

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

TELEGRAM 1099 Paris, October 10, 1960

CONFIDENTIAL. CANADIAN EYES ONLY. OPIMMEDIATE.

Repeat NATO Paris, Washington, London, Geneva, Bonn, Brussels, Rome, Hague, GATT Tariff Del, T&C Ottawa, Finance, Agriculture, Bank of Canada (OpImmediate) from Ottawa (Information).

EEC AGRICULTURE — GATT TARIFF NEGOTIATIONS

While in Paris I took the opportunity to refer to confidential discussions in Geneva and Washington and to emphasize with Clappier and Valéry (in Wormser's absence) the critical importance of the Six coming forward with realistic proposals in the field of agriculture which would provide genuine access to the markets of the Six.

2. I made it clear that for us and other overseas agricultural exporters the possibility of successful renegotiations and new negotiations would turn on this issue. I indicated also how failure to deal adequately with agriculture would affect the USA position, both as regards the Dillon negotiations and the direction of USA agricultural and commercial policy. I added, on the basis of what Wyndham-White had told me of his talks with the Americans in Washington, that the USA attitude of general support for the EEC might also be called into question if the Six did not repeat not take adequately into account the interests of third countries in the agricultural sector.

3. Both Clappier and Valéry showed full appreciation of the necessities of the situation and we may take it that so far as the French are concerned the conversations with Wyndham-White and with USA officials have had the desired effect. While admitting, even emphasizing, the need for a satisfactory solution, Clappier and Valéry are appalled at the difficulties of securing agreement among their partners on arrangements which might be considered adequate by outside countries. It was not repeat not simply a question of the German attitude but the whole range of problems which present themselves in moving towards a common market in the agricultural sector. In particular it is felt that it will be impossible to arrive at solutions concerning tariffs and other barriers to trade which could be agreed with interested third countries before the end of the year.

4. While recognizing the difficulties, I emphasized the urgency from the point of view of the renegotiations of bringing constructive proposals forward as soon as possible — the initiative and the responsibility lay with the Six. I thought that once the Six had indicated a genuine willingness to find ways and means of protecting the interests of third countries and had come forward with their ideas there would be a willingness on the part of the interested contracting parties to explore, on a very confidential basis, the possibilities for a settlement which might exist. However, the Six would have to go a long way beyond the quite unsatisfactory current offer of temporary and incomplete bindings and should try to find measures which would approximate much more closely the traditional terms of commercial access than Wahl's informal suggestion of long-term contracts.

5. Clappier confirmed that he will in the very near future be making contact with his opposite numbers in the Six to underline the seriousness of the situation, to seek agreement on the need to find an answer and to explore ways and means. Beyond maintaining firm pressure in Geneva and elsewhere, it would seem that little more can be done until Clappier has completed these consultations.

6. I was struck once again, as in July, with the depth and intensity of French determination that a common market should be achieved in the agricultural sector. This is a *sine qua non* of French support for the treaty and both Clappier and Valéry made it clear that the European economic community would not repeat not survive if the treaty obligations with respect to agriculture were not repeat not implemented.

7. Although it can be argued that Canada's position as an agricultural exporter to Europe might be better if efforts to bring about a common market in agriculture were to fail (and this is an open question, given the strong tendencies of national protectionism which exists in the countries of the Six), I think we must work on the assumption that if the Rome Treaty is to survive the Six countries will in fact move towards common agricultural arrangements. In these circumstances it seems to me that our efforts must primarily be directed towards ensuring

that the agricultural régime is as liberal as possible. In this connection the pressures which can be exerted by outside countries through the Geneva negotiations appear to give the greatest promise of circumscribing the protective impact of the internal arrangements which may be proposed. In this regard Clappier mentioned the possibility that the commercial policy and other external aspects of agriculture in the Six might be developed in parallel with and have their influence on the common policies being considered in Brussels. Against this there is of course the danger that by forcing the pace through the tariff negotiations and so supporting French and Dutch efforts to make early progress towards a common agricultural policy compromises will be made with the protectionist elements in the Six concerning support levels and other restrictive arrangements which will be of lasting damage to outside countries. I am inclined to doubt, however, whether this danger is such that we should forego the opportunity presented by the current tariff negotiations and by the current firm attitude of USA to exert maximum influence on the Six to adopt policies and techniques of protection which can be reconciled with the interests of agricultural exporting countries.

[J.H.] WARREN

153. DEA/14052-1-40

La délégation à la Conférence sur les droits de douane du GATT au secrétaire d'État aux Affaires extérieures

Delegation to GATT Tariff Conference to Secretary of State for External Affairs

TELEGRAM 1087 Geneva, October 13, 1960

CONFIDENTIAL. PRIORITY.

Reference: Your Tel ET-1337 Oct 5.

Repeat Washington, Paris, Bonn, Hague, Rome, London, T&C Ottawa, Finance Ottawa, Agriculture Ottawa, National Revenue Ottawa from Ottawa (Information).

REQUEST LIST ON THE SIX

We are grateful to you for indicating to us the items which you would wish to see included in Canada's request list on the Six. As the renegotiations proceed we will be in a better position to offer our suggestions concerning possible amendments. We remain of the view that it would be tactically unwise to submit our request at this stage.

2. Corse will be submitting USA request list in the next few days. In order to minimize possible prejudice to USA renegotiations no repeat no rates will however be indicated. List will be accompanied by explicit reservations concerning the renegotiations and the right to submit amendments. It will be stated in addition that in the negotiations and renegotiations in respect of agricultural items USA will have to be satisfied that access to the common market is not repeat not to be frustrated by non repeat non tariff barriers to trade.

154. DEA/14052-1-40

La délégation à la Conférence sur les droits de douane du GATT au secrétaire d'État aux Affaires extérieures

Delegation to GATT Tariff Conference to Secretary of State for External Affairs

TELEGRAM 1090 Geneva, October 21, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: Our Tel 1089 Oct 20.†

Repeat London, Washington, NATO Paris, Paris, Bonn, Brussels, Rome, Hague, T&C Ottawa, Finance Ottawa, Agriculture Ottawa, National Revenue, Bank of Canada (OpImmediate) Ottawa (Information).

By Bag Stockholm, Oslo, Copenhagen, Canberra, Wellington, Berne, Vienna from London.

ARTICLE XXIV: 6 RENEGOTIATIONS

Following is text of aide mémoire which we handed to EEC Delegation at the conclusion of yesterday's meeting. French representative subsequently informed us that he would take a copy with him to a high level Six meeting on agriculture on the context of Article XXIV:6 renegotiations which is being held in Paris today. We have also been given to understand that the statement contained in our reference telegram has already been transmitted to the Commission and the Six national governments.

Text of aide mémoire begins:

The Canadian Delegation welcomes the opportunity presented by the renegotiations under Article XXIV to meet with the representatives of the EEC. In accordance with the terms of Article XXIV:6 these renegotiations have as their objective the maintenance and effective implementation between Canada and the EEC of a general level of reciprocal and mutually advantageous trade concessions no repeat no less favourable than those negotiated between Canada and the member countries of the Community under the general agreement prior to the proposed introduction of the EEC common tariff.

Traditionally Canada has been an important trade partner of the six EEC countries. In recent years the trade has greatly expanded in both directions. These close and growing commercial relations reinforce and are related to the intimate political and military links which bind our countries. Recently Canadian exports to the EEC countries have been at the rate of dollars 300 million to dollars 400 million annually, representing about 8 per cent of Canada's total export trade. The European Economic Community is Canada's third largest market. For a number of key Canadian products the Common Market has been taking a third or more of total Canadian export sales. Canada, as a country, is one of the largest markets for manufactured goods in the world. It is a rapidly growing market for the exports of the EEC. Exports of the Six countries to Canada rose from about dollars 55 million in 1950 to a total of over dollars 300 million in 1959 — an increase of over 500 per cent. It is of great importance both to the Community and to Canada that the trade between us should in the future expand on a fair and reciprocally advantageous basis.

Article XXIV of the General Agreement provides that the purpose of a customs union should be to facilitate trade between the constituent territories. Equally it is provided that this purpose should be accomplished without raising barriers to the trade of other contracting parties. Paragraph 6 of Article XXIV lays down specific obligations and procedures for the

renegotiation of items in respect of which the proposed level of a common tariff is higher than any of the rates preciously bound to outside contracting parties under Article II of the agreement by individual members of a proposed customs union. In order to ensure that the balance of reciprocal concessions between Canada and the Community is not repeat not impaired through the introduction of the European common tariff it is essential that full and effective use be made of the current renegotiations.

The Canadian Delegation has reviewed the offer list of the EEC in respect of items on which Canada has negotiating rights under paragraph 6 of Article XXIV. This review has indicated that the offer of the Community is quite unsatisfactory from Canadian point of view. Only a very few items, and none of any great significance to Canadian trade can be regarded as acceptable from the standpoint of "internal compensation." Out of the remaining 86 items with respect to which Canada has negotiating rights, there is no repeat no offer in the case of some 49 items bound to Canada by one or more members of the EEC. As to other cases, the Canadian Delegation does not repeat not regard the offer of the EEC as acceptable. Indeed, for a large number of these items the EEC itself recognizes that the proposed common tariff does not repeat not represent sufficient compensation for the upward movement of national rates previously bound at lower levels. In fact, about 70 percent of exports in respect of which Canada has contractual rights with the EEC countries would be impaired by the proposed common tariff. It is clear that possible tariff reductions on the rest of Canada's exports could not repeat not offer adequate compensation for this impairment.

For agriculture the position is particularly unsatisfactory. It would appear that in this sector the Community has not repeat not attempted to establish terms of access corresponding to those paid for by Canada and other contracting parties in previous negotiations with the individual members of the EEC. Certain offers to bind tariffs have been made, but only for a limited number of products. For a few of these the tariff may be the effective instrument of protection, but for others the tariff may be nullified by other measures restrictive of trade. From Canadian point of view a settlement which failed satisfactorily to cover such important elements in Canada's trade with the Community would not repeat not be acceptable. The Canadian Delegation considers it essential to the restoration of a satisfactory balance of concessions that the Community assume and implement meaningful obligations in the agricultural sector, so vital to Canada's trade, accounting as it does for over 40 per cent of Canadian exports to the EEC.

The Canadian Delegation does not repeat not consider that the current offer of the Six as regards agricultural trade as a whole represents a realistic approach to the renegotiations. It is Canadian view that the Community should urgently reconsider its position in this matter and bring forward additional and revised offers promising genuine access to the Common Market on reasonable and known terms. Until progress has been made in this direction the Canadian Delegation doubts the practicability of conducting detailed renegotiations. Conscious, however, of the short time available and in the expectation that the Community will as an urgent matter bring forward improved offers with respect to agriculture, the members of the Delegation are, at this stage, prepared to meet with representatives of the Commission for a discussion and exchange of views with respect to the times of concern to Canada in the renegotiations.

The Canadian Delegation has noted that the offer list of the Community involves only the binding of some but by no repeat no means all the items in the common tariff. No repeat no offers have been made to reduce tariffs below the level initially proposed. In the course of the renegotiations the Canadian government will expect the Community to offer reductions, as well as the binding, of tariff levels of interest to Canada. This is essential to the restoration of a satisfactory balance of concessions in view of the relatively narrow range of Canada's sales to

the Community and the increased protection which the common tariff as proposed would involve for main Canadian export items. While a linear reduction in the level of the proposed common tariff would be welcome, particularly to countries with a wide range of exports to the Common Market this, in itself, would not repeat not necessarily meet legitimate Canadian interests. In the view of Canadian Government a final settlement must include not repeat not only satisfactory arrangements for agricultural trade but also the binding of tariffs of real interest to Canada in the raw material and industrial fields at levels which would not repeat not involve increased barriers to Canadian sales to the Community.

In view of the great importance to Canada and to the EEC of the maintenance of satisfactory relationships between us and the expansion of our mutual trade the Canadian Delegation is confident that despite the difficulties the renegotiations between Canada and the Community can be brought to a successful conclusion.

155. DEA/14052-1-40

Le sous-ministre adjoint du Commerce
au directeur adjoint, Direction générale des Relations commerciales
internationales, ministère du Commerce

Assistant Deputy Minister of Trade and Commerce
to Assistant Director, International Trade Relations Branch,
Department of Trade and Commerce

Geneva, November 4, 1960

Dear Bob [Latimer],

I regret the delay in replying to your letter of October 5th[124] concerning the renegotiations and new negotiations. I had put it aside for reflection and as usual when I do this days and weeks slip by in magnificent inaction. Please forgive me.

We are indeed grateful for the comments which you and the others in the Branch have forwarded to us from time to time. Your letters are circulated to Wilf[125] and Mickey[126] and in due course the suggestions made find their reflection in our discussions with negotiating c.p.'s. Keep up the good work! You are better equipped in Ottawa than we are here to spot particular commodity developments which may be relevant to one or another phase of the negotiations.

I have discussed in the Delegation your question about the preparation of additional request lists, particularly on Commonwealth countries. There is no fixed deadline for the submission of request lists, but, as you know, it is customary to put them in in time to give the countries concerned an opportunity to consider the matter and prepare offers. I think you can safely assume that if we were now to decide to seek negotiations with certain of these countries our request lists would not be rejected on the basis of late submission.

The more difficult question is whether, in the light of our limited bargaining power, it would be useful to go ahead and prepare new request lists. We are not really in a position to take this decision here in Geneva. The ultimate answer as to whether or not there is scope in the Canadian tariff to pay for new concessions from Commonwealth countries must be settled in discussion with Finance in the light of Trade and Commerce representations that there are significant trading advantages to be gained through tariff reductions by the countries

[124] Non retrouvé./Not found.
[125] Non identifié./Not identified.
[126] Non identifié./Not identified.

concerned. In this connection, it has occurred to us, however, that the sorts of concessions which Canada might be willing to make to secure benefit from the United States and the Six are unlikely to be of the nature as those which might be of interest to tropical Commonwealth countries. Thus negotiations with such countries would not necessarily cut into the limited supply of chips we have for the big hands. Similarly it seems unlikely that the sorts of concessions which these countries would seek in the Canadian Tariff would be of concern to Canadian industry, since in large part their exports are not competitive with Canadian production.

With these two considerations in mind, my conclusion is that it would be worthwhile for you to prepare limited and realistic request lists on at least some of the countries you have mentioned and present them for interdepartmental discussion. I should think that in such discussions Finance might find it rather easier to agree to seek for equivalent concessions than if it were a case of proposed negotiations with additional temperate zone or industrialized countries.

All best wishes,

Yours sincerely,
J.H. WARREN

156. DEA/14052-8-1-40

La délégation à la Conférence sur les droits de douane du GATT au secrétaire d'État aux Affaires extérieures

Delegation to GATT Tariff Conference to Secretary of State for External Affairs

TELEGRAM 1638 Geneva, December 9, 1960

SECRET. PRIORITY.

Repeat Bonn, Brussels, Hague, Rome, Paris, NATO Paris, London, Washington, T&C Ottawa, Finance Ottawa, Bank of Canada Ottawa, PCO Ottawa, Agriculture Ottawa (Priority) from Ottawa (Information).

By Bag Stockholm, Oslo, Wellington, Canberra, Berne, Tokyo from London.

ARTICLE XXIV:6 RENEGOTIATIONS

We have now completed our first reading with EEC of all the items not repeat not initially eliminated from Article XXIV:6 renegotiations. At our final meeting this afternoon we presented them with an aide mémoire summarizing the major points which we have made in these discussions. Appended to this aide mémoire was a list comprising the major items in Canadian trade with EEC and an indication of what we might consider to be a satisfactory settlement in respect of each item. In view of the provisional and sensitive nature of this list, we are not repeat not however transmitting it with this message.

Following is the text of our aide mémoire: Text Begins

The Canadian Delegation and the Delegation of EEC have completed their preliminary exchange of views concerning items in the proposed common tariff in respect of which Canada has negotiating rights under Article XXIV, para 6, as well as those in respect of which EEC Delegation considers that Canada's contractual position would be improved if proffered bindings of common tariff rates of interest to Canada were accepted.

This review has reinforced the conviction of Canadian delegation that the Commission of EEC should substantially involve its offers in respect of a considerable number of items of particular importance to Canadian trade if the requirements of Article XXIV are to be fulfilled and if a mutually satisfactory settlement is to be reached under Article XXIV, paragraph 6. This is true of numerous industrial items but is particularly vital in the agricultural sector.

As regards agriculture, Canadian Delegation wishes to recall the various statements made by Mr. H.B. McKinnon at the Tariff Negotiations Committee, and the aide mémoire given to the Delegation of EEC on October 20/60. These emphasized that a settlement which did not repeat not take account of all elements of Canada's trade with the Community would not repeat not be tolerable from Canadian point of view; thus any final settlement must comprise satisfactory arrangements for both agricultural and industrial items. For wheat, accounting annually for over 100 million dollars of Canadian exports to EEC, and for cheddar cheese, the Commission has offered only one-year bindings. In the Canadian view these represent little more than a postponement of the renegotiations and are quite unsatisfactory. No repeat no offers have been made for a number of significant Canadian exports, for example, coarse grains, buckwheat, grain screenings and apples. For many other items, for example, frozen and mild cured salmon, canned salmon, canned lobster, eels, hybrid seed corn, and seeds for sowing, rates for the common tariff have been proposed which are unreasonably high and would represent increases in trade barriers relative to the tariff bindings and terms of access previously enjoyed by Canada. For many items, these unreasonably high proposed rates have come about through the inclusion in the averaging of national tariffs of prohibitively high rates of duty maintained by one or more of the member countries. This has resulted in an undesirable distortion from the common sense trade point of view (the same distortion occurs in respect of numerous industrial items). Canadian Delegation is confident that the Commission will take all the above considerations fully into account in revising its current offers with respect to agricultural products, and that the representatives of the Community will come forward with firm offers in respect of important Canadian agricultural exports for which either no repeat no offer has yet been made or only temporary one-year bindings proposed. It is essential that such offers should provide for continuing access to the Common Market over reasonable, clearly defined and bound levels of protection which would permit an acceptable degree of competition between imported and domestically produced products and which would not repeat not be frustrated by non-tariff barriers to trade not repeat not permitted under the General Agreement.

As regards industrial products, Canadian Delegation invites attention to the following general considerations:

1. The bulk of Canada's trade has been in the field of raw materials. This trade has been mainly with the low-tariff countries and has entered their markets duty-free or at very low rates of duty. The lowering of higher tariffs to the proposed level of the Common Tariff would not repeat not in the Canadian view compensate for increased rates in the lower tariff countries which will have a direct adverse effect on the greater part of Canadian trade with EEC in these materials.

2. For many items of interest to Canada, the extension to the whole of the Community of present bindings of duty-free entry or low rates of duty does not repeat not offer any real prospect of increased trade. The extension of these bindings could not repeat not, therefore, be regarded as adequate compensation for the raising of tariffs on other important items which would impair Canada's access to the markets of EEC.

3. So far as essential raw materials are concerned, duty-free entry or very low rates of duty are a natural outcome of the formation of a common market between highly industrialized countries which are not repeat not themselves large producers of such materials. In evaluating

any credit which may be due to the Community for the extension of duty-free entry for raw materials it will be relevant to Canadian judgement that it is in the economic interests of the Six to obtain their raw materials as cheaply as possible.

4. In assessing the degree of real protection represented by a proposed tariff level, account must be taken of the size of an economics of production within the market involved. Thus the same degree of real protection which is assured by a given rate of duty in a small market, where domestic competition with imports is relatively limited, can be achieved in a large market by a lower rate of duty. It follows that in moving from four individual markets to a large single market, the same level of real protection can be achieved through rates of duty lower than those previously applied. Accordingly, if increased barriers to trade are to be avoided the common tariff rates should be significantly lower than the incidence of previous national rates, without thereby giving rise to any claim for credit by the Community in relation to outside contracting parties.

In accordance with the agreed procedures for renegotiations under Article XXVIII, Canada must be the judge of the adequacy of compensation offered for impaired rights, both from the point of view of the products involved and the tariff rates which may be proposed. The range of Canadian exports to EEC is relatively limited; it is what happens to the terms of access for these products which must determine the final Canadian attitude to the renegotiations. There are many elements of more real significance than statistical and historical criteria which must enter into the judgement of the extent to which implementation of the proposed common tariff will adversely affect the commercial advantage to which Canada is entitled in the markets of the Six as a result of concessions obtained and paid for in previous negotiations and in accordance with the requirements of Article XXIV. A strictly mathematical approach based solely on the amount of trade covered by previous bindings will not repeat not provide an adequate basis for negotiations leading to a satisfactory settlement with Canada, despite the fact that such an approach would in itself demonstrate a considerable impairment of Canada's rights.

In addition to the important considerations set out in this aide mémoire, the Delegation of EEC will have noted other significant points developed by Canadian Delegation in the course of the recent exchange of views. Text Ends.

2. EEC Delegation will be returning to Brussels next week to report to the Commission on the results of their first readings with various delegations. They will then proceed to a re-examination of their original offer and will return to Geneva on January 4 with their "definitive" offer. Our expectation is that the presentation of this revised offer by EEC will mark the opening of the real Article XXIV:6 renegotiations.

157. DEA/12447-2-40

La délégation à la Conférence sur les droits de douane du GATT au secrétaire d'État aux Affaires extérieures

Delegation to GATT Tariff Conference to Secretary of State for External Affairs

TELEGRAM 1654 Geneva, December 12, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference; Brussels Tel 832† and 843.†

Repeat T&C Ottawa, Finance Ottawa, Agriculture Ottawa, PCO Ottawa, Bank of Canada Ottawa from Ottawa, Washington, Brussels, Bonn, NATO Paris, Paris (Information).

EEC AGRICULTURAL POLICY — TARIFF NEGOTIATIONS

1. We met confidentially Saturday with Mansholt and USA representatives. Mansholt was accompanied by Rabot Meyer-Burckhardt and Donne, Chief Negotiator for the Commission here in Geneva. Corse was accompanied by Zaglitz and Warren and Richards were with me.

2. Mansholt opened the discussion by saying that considerable progress had been made in securing acceptance in principle of the Commission's proposals for a common agricultural policy particularly the system of variable levies since he had met with agricultural exporters last June and July. An important stage had now been reached in the deliberations concerning the CAP. As reported by Brussels the Council meeting of December 7 had not repeat not been decisive but the way now seemed clear despite numerous difficulties for decisions concerning both industrial and agricultural acceleration to be taken at the Council meeting scheduled for December 19. In the Special Committee a good measure of agreement was already present concerning solutions to the problems of distortion of internal competition and for the applications of an internal levy system during the transitional period. This was true also of the introduction of a system of variable levies as the sole normal measure of protection against outside competition at the stage when the common policy could actually be applied for the various products. (Mansholt was not repeat not precise as to whether for certain products a tariff plus variable levy was now envisaged or whether only the variable levy would apply.)

3. Mansholt's optimism concerning the December 19 meeting is based on the one hand on the progress which has been made in securing acceptance of the concepts and techniques advocated by the Commission and on the other hand by the fact that agreement to make progress in the agricultural sector must be reached if the agricultural exporters of the Six, particularly France, are to implement the acceleration with respect to industrial items scheduled for January 1. If the December 19 meeting goes as Mansholt expects the Commission will be asked within the next year to submit definitive and detailed plans for the achievement of a common market for the different commodities concerned. For example the proposals with respect to pork would be tabled not repeat not later than March 31 and those for wheat by May 31. The expectation would be that within a year thereafter the common system would be started including application of variable levies to outside countries. Thus the introduction of the agricultural common market would be staggered over the next two to three years commodity by commodity as agreement on details of the systems to be applied was reached.

4. Mansholt argued that in present circumstances, then for political reasons the German government could neither accept an immediate reduction in the price of wheat nor a public obligation that cereal prices in Germany would be progressively reduced to an economic level. The scope which the Six and the Commission had for negotiating a settlement with outside countries was very severely limited. In fact the Commission really required a deconsolidation of tariff obligations for the important agricultural products in order to bring about the common agricultural policy proposed. In his view the matter boiled down so far as cereals were concerned to a choice between a variable levy with no repeat no other barriers to trade together with a support level which would take account of import availabilities and export possibilities or continuance of the present situation of traditional tariff obligations completely frustrated by various other limitations, mixing regulations, state trading, quantitative restrictions, etc. Nonetheless the Commission was aware of the exigencies of the tariff negotiations and of the need to find some solution which might be satisfactory to the agricultural exporting countries. In his own mind two hypothetical possibilities existed. First a binding of the maximum level of the variable levy or secondly the undertaking by the Community and Community countries of minimum purchase obligations related to past sales. The first of these he rejected as impossible since the German government could not repeat not in present circumstances accept an

obligation which would clearly be seen to require a substantial reduction in German support prices. Accordingly his conclusion was that the best solution for the next few years would be acceptance by the Six of quantitative import commitments.

5. Corse was extremely cautious in commenting on this exposé sheltering behind the fact that Mansholt would be seeing senior agricultural officials in Washington on Monday. He reiterated USA dissatisfaction with the current offer of the EEC which envisages deconsolidations for coarse grains and other products of importance to USA agriculture and so-called one year bindings for wheat and other products. He explained to Mansholt that there were psychological as well as real barriers to USA acceptance of the principle of variable levies in international trade. As regards the assumption by the Six of quantitative obligations his reaction was unenthusiastic but he indicated that the possibilities would no repeat no doubt have to be considered. Corse referred to the firm position of USA concerning the agricultural sector as put forward by Clarence Randall at the opening meeting of the Tariff Conference and of the need to find a settlement acceptable to USA. While Corse's presentation was less forceful and precise than we would have liked we may assume that those present from the Commission are aware of the critical importance which USA attaches to this problem.

6. We referred to the position taken by Canada with respect to agriculture in the Tariff Conference and in our various aide mémoires and asserted the necessity of finding solutions acceptable to the agricultural exporters if the renegotiations were to be successfully concluded and if the new negotiations were to hold real promise. We contrasted the difficulties which the Commission is having in securing German cooperation with the political and economic consequence which might flow from failure of the Six to reach agreement with their trading partners with respect to agricultural items. We told Mansholt that a generalized and permanent quantitative solution might represent a very damaging precedent for international trade and argued that the Commission should come forward with proposals which would provide for continuing access to the market of the community at reasonable and known levels of protection permitting competition between the imported and domestically produced product and which would not repeat not be frustrated by non tariff barriers to trade. Speaking personally Warren drew a distinction between variable levies and such and variable levies with a maximum. He enquired whether a system of the kind discussed in Ottawa could not repeat not be considered whereby the Community would agree to a reasonable maximum level of protection which would prevail when the common policy was introduced and progressive movement toward that position during the interim period through gradual lowering of the maximum levy which could be applied by the individual members starting from the basis of the differences between landed prices of imported wheat and the domestic support prices presently prevailing in the various countries. Mansholt replied that while such a system was attractive conceptually and would reinforce his efforts to secure the required reduction in internal Community prices such a proposal was a non starter since it would require immediate and public German acceptance of the downward movement of prices to an agreed maximal level by the beginning of the definitive period.

7. We continued to insist that the Commission should come forward with an offer which could serve as the basis for fruitful negotiations in January. After a good deal of discussion back and forth Mansholt indicated interest in a combined solution along the following lines. Firstly for a three year period the Community and/or the national units would assume a minimum commitment to purchase from the agricultural exporters related to trade in a base period. This would be a temporary solution to cover the forthcoming bound tariff period and the years in which the common markets for the different agricultural products would be progressively introduced. Secondly the Community would undertake that at the end of three years (which would correspond with the next negotiating stage in the GATT) the Community would negotiate maximum levels for the variable levies to be applied to different products and

would give assurances that the maximum levy would not repeat not be frustrated by non tariff barriers to trade. We made the point that a general undertaking to negotiate the maximum level of protection would probably not repeat not of itself be acceptable and as a minimum would have to be accompanied by an undertaking that the level to be negotiated would be such as to provide access on terms which would permit the continuation and expansion of trade and competition between the imported and domestically produced product. Mansholt accepted the validity of this point but did not repeat not undertake to incorporate it in any revised offer which the Community may make. We also suggested that reservation of the definitive renegotiations for a three year period might have to be accompanied by reservations concerning the tariff to be applied by outside countries to products of interest to the Community.

8. We think it may now be assumed that the Community will be making a substantially revised offer in the agricultural sector during the course of the renegotiations since the Council of Ministers on December 19 must take difficult decisions concerning internal acceleration in the agricultural sector. Mansholt does not repeat not envisage that it will be possible at that time to define and refine the revised offer to be made to outside countries for purposes of the renegotiations. He expects that at the earliest this could be dealt with at the first meeting of the Council in January. Accordingly the revised offer which the Six will be bringing to the Contracting Parties after the recess will probably still fail to cover grains and other important agricultural imports where no repeat no offers or only temporary offers have so far been made. In the circumstances we told Donne that while we would be prepared to discuss with him revised industrial offers and those with respect to our marginal agricultural exports it would be impossible for us to conclude renegotiations with respect to such items pending negotiation of their revised offer for our major agricultural exports. Donne seemed to accept that this was not repeat not unreasonable.

9. In these informal discussions we made it clear that we were not repeat not renegotiating but simply exploring possibilities which might exist. I however expressed my disappointment with the rigidity of the position as explained by Mansholt and indicated that if a satisfactory settlement could not repeat not be reached in the agricultural sector a number of things which might have been possible so far as Canada was concerned would become impossible. We emphasized also that the Six should remember in looking at their internal difficulties that action which impaired the trading position of outside countries could not repeat not be viewed in isolation but that as in the physical world action would inevitably be followed by reaction. Although the position is far from satisfactory it does seem that the pressure which has been brought to bear with respect to agriculture is beginning to yield some results in terms of the willingness of the Community to come forward with revised proposals which would go some way to meet our requirements and those of other agricultural exporters. It of course remains to be seen whether Mansholt who is basically well disposed can bring the representatives of the Six to agree to make a reasonable offer from which we could negotiate.

10. Our assessment is that failing USA pressure of a kind which would move Chancellor Adenauer to take the political risks inherent in a reversal of his government's position on internal support prices we cannot repeat not expect to reach at this stage a fully satisfactory long term settlement with the Six. Indeed there are dangers that a forced settlement in the next couple of months would have to be at the price of accepting long term protection in Europe at undesirably high levels. You are in a better position than we to judge whether the Americans through major political pressure could force a real change in the German position in the context of renegotiations. In the light of the reception of Anderson and Dillon's recent

initiative in Bonn[127] we are somewhat sceptical whether the Americans would go this far with the Germans and whether even if they did the desired results could be obtained. Regretfully therefore we are beginning to think that the safest course may be to work towards an interim settlement which would guarantee our sales over the next few years together with as tight as possible undertakings concerning the nature of the definitive settlement to be negotiated three years hence. When the Commission comes forward with its revised offers we shall of course endeavour to push them as far as possible in the direction of a definitive and permanent settlement which would be acceptable to us. Against the possibility however that this manoeuvre will not repeat not be successful we would be grateful for your comments on the sort of two phase scheme which emerged in our discussions with Mansholt.

[H.B.] McKINNON

158. DEA/14052-1-40

La délégation à la Conférence sur les droits de douane du GATT au secrétaire d'État aux Affaires extérieures

Delegation to GATT Tariff Conference to Secretary of State for External Affairs

TELEGRAM 13 Geneva, January 12, 1961

CONFIDENTIAL. PRIORITY.

Reference: Our Tel 1638 Dec 9.

Repeat T&C Ottawa, Finance Ottawa, Agriculture Ottawa, Bank of Canada Ottawa, PCO Ottawa from Ottawa, Paris, NATO Paris, London, Washington, Bonn, Brussels, Rome, Hague (Priority) (Information).

By Bag Wellington, Canberra, Tokyo, Oslo, Copenhagen, Stockholm, Lisbon, Vienna, Berne from London.

TARIFF CONFERENCE — RECENT DEVELOPMENTS

In our reference telegram we indicated that EEC were expected to return to Geneva with revised offers on or shortly after January 4, and that presentation of these offers would, in effect, mark the opening of the real Article XXIV:6 renegotiations. At Monday's meeting of the Tariff Conference Donne (EEC Representative) indicated that he hoped to be able to present limited new offers next week, but that the Community's offer in respect of a number of important items would have to await decisions to be taken at January 31 meeting of the Council of Ministers. He indicated that, with the exception of certain special cases, the new offer would consist only of the binding of further items in the common tariff (Brussels Telegram 876 December 23).†

2. This statement by Donne provoked sharply critical comments from certain EFTA countries followed by lengthy statements from a representative group of Contracting Parties. Most effective intervention was by UK representative, who emphasized that what was required before a satisfactory settlement could be reached under Article XXIV:6 was a substantial reduction in Common European Tariff rates, and that for the Commission to devise offers of further bindings which could only delay still further the opening of the Dillon negotiations.

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[127] Voir/See Edwin L. Dale Jr., "U.S. Presses Bonn for $650,000,000 of Troops' Costs," *New York Times*, November 22, 1960, p. 1.

Further, the Community's claim to have maintained the previously existing balance of concessions with other countries in terms of trade statistics alone was largely irrelevant. Bindings were not repeat not interchangeable on the basis of purely statistical calculation: acceptable compensation had to be provided in the same sectors as those in which concessions were being withdrawn. This statement was strongly supported by Scandinavians, Austria, and Brazil and by ourselves. Our own intervention reiterated the points made in previous meetings of the Trade Conference concerning the need for EEC speedily to come forward with improved offers which would provide a realistic basis for negotiation in all sectors.

USA statement was unfortunately weak and rather equivocal, and was largely devoted to the difficulty in setting a date for the opening of the Dillon negotiations before the decisions of the Council of Ministers were known. Corse did not repeat not express any real disappointment at the nature of EEC's offers to date and referred to the problem of agriculture only in passing. Austrian and Czech delegates drew attention (as did we) to the legal problems created by the unilateral breaching of concessions by EEC in moving towards the Common European Tariff on January 1 and before satisfactory completion of renegotiations under Article XXIV:6. In view of the six month time limit on compensatory withdrawals under Article XXVIII:3(a), Austrian representative said he would be raising this question again at the next meeting of the Trade Conference.

3. Donne's reply was not repeat not forthcoming but, although he reiterated that EEC's offer was fair and reasonable, there were indications that he himself recognized that revised offers which he had so far been authorized to make were inadequate. He promised to report to his authorities the views expressed by various delegates. (We understand that Donne and his colleagues on the Six negotiating teams welcomed the forthright expression of Contracting Parties views at the Trade Conference since they confirm what the negotiators have been reporting to Brussels.)

4. It was agreed that the Trade Conference should meet again on February 6, with a view to deciding what date should be set for the opening of the Dillon negotiations. The general assumption seems to be that this date will be sometime in late March and possibly even later. You may wish to bear in mind the significance of this postponement with regard to our exchange of offer lists with UK (our telegram 4 of January 4).†

5. Since the Trade Conference meeting we have met informally with Donne to seek clarification of EEC position. It is clear that he already has authority to make some additional offers related to the priority list of requests attached to our aide mémoire of December [9]. Additional authority is being sought at meeting of Committee III in Paris next week. Committee III will also discuss nature of offer to be made on wheat but it seems clear EEC decisions on wheat and other particularly important products will have to await January 31 meeting of the Council of Ministers. We expect to meet with EEC negotiating team Thursday January 19 to receive their revised offers with respect to Canada. We doubt whether next week's offers will go beyond some additional bindings and possibly the offer to bind a few tariff quotas of interest to us.

CHAPITRE II/CHAPTER II

ORGANISATION DU TRAITÉ DE L'ATLANTIQUE NORD
NORTH ATLANTIC TREATY ORGANIZATION

PREMIÈRE PARTIE/PART 1

RÉUNION MINISTÉRIELLE À ISTANBUL, 2 AU 4 MAI 1960
MINISTERIAL MEETING, ISTANBUL, MAY 2-4, 1960

159. DEA/50102-Y-40

Note du chef de la 1ère Direction de liaison avec la Défense pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Defence Liaison (1) Division, to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], January 22, 1960

Reference: NATO Telegram No. 90 of January 13.†

NATO MINISTERIAL MEETING — SPRING 1960

The NATO Secretariat has proposed dates for the meetings of experts charged with preparing the usual background papers for the spring Ministerial meeting, which is to be held in Istanbul from May 2 to 4. According to the tentative schedule, the meetings would be held in Paris on the following dates:

(a) Middle East	March 14 - 16
(b) Soviet Trends	March 16 - 18
(c) Eastern Europe	March 21 - 23
(d) Far East	March 23 - 25 or 28 - 31.

2. The Chairman of the Political Advisers' Committee intends also to propose the reconvening of the Committee on Africa and has raised the question of how the Africa studies might be integrated into the normal pattern of NATO political studies prepared for the Ministerial meetings.

3. A copy of the telegram under reference is attached. We are asked to inform the Delegation before the next meeting of the Political Advisers' Committee on Tuesday January 26 whether we intend to be represented at the meetings and, if so, whether the proposed dates are satisfactory. The views of the Divisions concerned are as follows.

4. European Division recommends participation in the meetings on Soviet trends and Eastern Europe and has, on January 19, sent a letter over your signature to Mr. Ford† asking if it would be possible for him to again represent the Department at those two meetings.

5. Middle Eastern Division has suggested that Mr. Beaulieu from Beirut attend the Middle East meeting. We understand that a memorandum of January 21 from Middle Eastern Division to Mr. Glazebrook, which sets out Middle Eastern Division's reasons for their recommendation, has been passed to you by Mr. Glazebrook.

6. Far Eastern Division has also recommended representation at the Far East Meeting. They pointed out that the personal contacts made in such a meeting would be of considerable value to their representative and to the Department in gaining a greater familiarity with the views of

the other NATO countries on the problems we face in the Far East and also in the impetus such discussions give to taking a fresh look at these problems. Of equal importance is the fact that our participation would give us an opportunity to present the Canadian views on various aspects of Far Eastern affairs "on the ground level" when the first draft of the background paper is being prepared. On occasion there is considerable divergence between our views and those of other NATO countries on a particular problem and it is difficult for our Delegation to argue for and to achieve substantive amendments at a later stage. In this context difficulties were encountered in connection with the last Far Eastern paper prepared in NATO when we found ourselves in disagreement with almost the whole of the section devoted to the situation in Laos. These difficulties point up the fact that through our membership on the International Commissions for Indochina, Canada represents a particular point of view with respect to the Indochina states which, we think, could usefully be brought to the attention of other NATO members in preparing a balanced assessment of the situation in that particular area. Far Eastern Division has in mind Mr. T.M. Pope as our representative.

7. In the opinion of this Division, participation in all the meetings would be desirable for the reasons put forward by the other Divisions in making their specific recommendations. It would also provide tangible evidence of our proclaimed willingness to intensify the process of political consultation in NATO. If, however, priorities must be established, we would assume that participation in drafting the papers on Soviet trends and Eastern Europe would be of first importance, particularly because of the extent to which the NATO Ministerial meeting will be concerned with preparations for the Summit Conference. As the forthcoming meeting is to be held in Turkey, it is possible that Middle Eastern problems may receive increased attention, and second place should probably be given to the Middle East experts' meeting. Our particular concern with the Far East would no doubt make it useful to have an influence in the discussions on that subject. If participation could be arranged, it would provide balanced Canadian representation in preparations for the Ministerial meeting.

8. Pending word from Mr. Ford and Mr. Beaulieu, there would appear to be no comment to make at this stage on the proposed dates. If the dates are inconvenient for Mr. Ford and Mr. Beaulieu we would hope that it would be possible to change either the dates or the choice of representatives. The dates are set more in advance of the Ministerial meeting than usual, but this will probably be advantageous in that it will allow more time for consideration of papers by those concerned and for the mechanics of printing and distribution.

9. With regard to Africa, Commonwealth Division has discussed the NATO Secretariat's ideas with Mr. Glazebrook and their view is that, although we regard Africa as still a particularly delicate topic for NATO discussion and although we still have misgivings as to the value of the project in relation to the risks involved, we should offer no objection to reconvening the Africa Committee or to the addition of its studies to the other area studies normally undertaken in advance of the Ministerial meetings. Even if membership of the Committee on Africa were to be thrown open before the next Ministerial meeting, it is most unlikely that we would wish to send a representative.

10. If you agree, we shall inform the NATO Delegation that we hope to send experts to take part in all four of the scheduled meetings, but that we must reserve our position on dates until we have heard from the proposed representatives to the Soviet Trends and Eastern Europe, and the Middle East meetings.[1]

W.H. BARTON

160. DEA/50102-Y-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 802 Paris, March 21, 1960

SECRET. PRIORITY.

TRENDS AND IMPLICATIONS OF SOVIET POLICY

Following is preliminary report by Ford on NATO working group. Begins: As working papers USA and UK presented complete drafts and I submitted a draft for general section which I envisaged as key portion of paper. My paper was at first accepted as text on which to work but intense opposition at once developed led by French supported by Germans and Turks. We soon reached an impasse even after drafting by British of a rather unsatisfactory alternative and it was decided to proceed to consideration of rest of study.

2. After encouragement from Norwegian and Danish representatives, who said their governments shared our dissatisfaction with last years paper I drafted a new general section, this time for tactical reasons drawing heavily on Herter's speech to Council of last December.[2] Thus USA could hardly oppose it and British agreed in general, but opposition from French particularly remained adamant. A working group composed of French British and USA representatives and myself was therefore set up to try to reconcile views. French were absolutely determined to reject every phrase which might imply that Russians were interested in anything but short-range tactics. They did not repeat not want even to include obvious and innocuous statement that Khrushchev recognized that war was likely to endanger or destroy achievements of communism. USA also hedged and in these circumstances resulting compromise was not repeat not entirely satisfactory. However measure of distance we were able to come can be gauged by French representative's statement that he would have a very difficult time in Quai D'Orsay.

3. When revised version was submitted to Committee, French representative said he was still dissatisfied and German and Turkish representatives supported him in trying to water it down further. I said I could not repeat not recommend anything less to you; I had come a long way towards compromise and if there was to be any further change then perhaps we would have to resort to the unsatisfactory measure of submitting the two extreme views to PAC and I saw no

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1 Notes marginales :/Marginal notes:
These seem sensible recommendations. I should be inclined, this time, to send somebody for the Far East discussions, rather than the Middle East — because I'm sure Arnold Smith gave them a pretty full account of Canadian approaches to M.E. questions at last Fall's meeting. N.A. R[obertson] 25.1.60.
Seen. A.E. R[itchie]

2 Voir/See Drew Middleton, "Herter Stresses NATO Integration as Parley Opens," *New York Times*, December 16, 1959, p. 1.

repeat no reason why they could resolve what we were unable to do. British, Danish and Norwegian representatives supported this and report was accepted. French representative said however he thought Quai D'Orsay would be very unhappy and they would probably return to attack in PAC.

4. Paper is relatively short and to the point. It is obviously impossible with so many differing points of view to get a report entirely satisfactory to everyone. This one goes at least some way to meet our point of view but had to be a compromise unless we were to admit failure to present an agreed report. To have held out for our original thesis would have left us along with Norway and Denmark and made us rather unpopular.

5. Our Telegram 803† carries text of general section of report. My original drafts will follow by bag. I shall report at greater length from Belgrade. Ends.

161. DEA/50102-Y-40

Le sous-secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Under-Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

CONFIDENTIAL Ottawa, March 29, 1960

Dear Jules [Léger],

Robert Ford's report on the working group on Soviet policy (your telegram 802), together with the draft general section of the paper (telegram 803),† has revived our earlier doubts about the effectiveness of the present procedures in NATO for preparing analytical papers designed to express an agreed NATO appreciation of controversial political situations. It is my impression that during the last two years the preparation of papers on Soviet intentions has led to controversy between members of the Alliance and created doubts and perhaps suspicion without having an appreciable effect in coordinating individual views.

Last December the paper attributed all changes in Soviet policy to a shift in tactics, an interpretation which we cannot accept without qualification. Ford attended only the last of the three meetings of the working group and we were not therefore in a strong position to object. His report on the group's work, however, suggested that the United Kingdom and United States representatives had instructions to present a cautious estimate of Soviet intentions in order to allay French and West German suspicions as to the United Kingdom and United States attitude toward dealings with the USSR. It was notable that at the December ministerial meeting Herter's speech included a section on Soviet intentions which differed significantly from the paper submitted by the United States representative on the working group, and presented a point of view with which we are in general agreement. Speeches by other ministers reflected other assessments of Soviet intentions and demonstrated that the working group's paper was not regarded as an effective synthesis of NATO opinion.

Because of the strong and effective stand taken by Ford at the recent working group meeting, the draft prepared by the working group is closer to our own view. Ford's use of Herter's speech, as he pointed out in the telegram, made it difficult for the United States representative to oppose Ford's arguments but it is clear from his report that their acquiescence represents more a tactical defeat than a real change of view. However, I expect that the French and German delegations will continue their opposition in the Political Advisers Committee and that we may be pressed to accept further revisions.

I think it evident that the present requirement for a single agreed analysis results in a paper which:

(a) probably does not fully represent the opinion of any government in the Alliance;

(b) even in the process of preparation does not evoke an unqualified presentation of the views held by all member governments;

(c) is probably not used by any government as a guide in assessing Soviet intentions, although it may be used by governments or national representatives, in so far as they agree with it, to buttress their argument;

(d) omits disputed points altogether, covers them by some innocuous wording, or presents only the most cautious point of view; and

(e) does not appear to have brought about any real change in the private assessment of member governments.

I wonder if there is a possibility that members of the Council would agree to revise their conception of papers, such as the Soviet intentions paper, which involve an analysis of controversial questions. Rather than, as at present, insisting on an agreed paper on matters on which opinions are strongly divided, would it not be possible to attempt in future a paper which would recognize differences of approach where these exist and which would cover the range of opinion of member governments? I think it would be preferable not to identify government views by name, and merely to note the spread and balance of opinion.

I think a paper prepared along these lines would be more useful to ministers because it would reveal the range of opinions held by member governments. It should permit effective analysis of controversial issues and should stimulate a more genuine discussion at ministerial meetings. Such a paper should also be of greater value to the foreign ministries of the member governments. Finally, this approach might avoid some disputes which create disharmony among NATO members to no apparent purpose. I should make it clear that this conception would not be appropriate for action papers; and in the case of analytical papers, the desirable objective would of course be to identify as broad a measure of agreement as possible.

I should be interested in knowing whether you share this criticism of the present procedures and how you regard these suggestions for a revised procedure. Do you think that other members of the Alliance are dissatisfied with the present method? If so, how might we best proceed in putting forward our suggestion for a revised approach?

I am sending a copy of this letter to Robert Ford for his comments.

Yours sincerely,

N.A. ROBERTSON

162. DEA/50105-G-40

Note de la Direction de l'Extrême-Orient pour le chef de la Direction de l'Extrême-Orient

Memorandum from Far Eastern Division to Head, Far Eastern Division

CONFIDENTIAL [Ottawa], March 31, 1960

PREPARATION OF NATO PAPER ON THE SITUATION IN THE FAR EAST

Attached for your information is a summary of the discussions in Paris last week leading to the preparation of a paper on the situation in the Far East for presentation to the NATO foreign ministers.

2. As you know, I have come back convinced of the value of Canadian participation in these half-yearly NATO exercises. The principal reasons for this are as set out below.

(1) Canadian participation is useful in countering approaches to and interpretations of the problems of the area which do not agree with our own. Although it is true that we could have accepted the U.K. draft without question, it is equally true that the views it contained would not have been accepted by the Committee without Canadian support both during the discussions and in the form of drafts prepared beforehand. The elements we have objected to in previous papers — e.g., excessive interpretation of the problems of the area in terms of communism vs anti-communism, overemphasis on military preparedness — seem to be acceptable to most members of the Committee and we cannot rely on the U.K. representative alone to have them moderated. Even when a particular interpretation is acceptable to some representatives, it is not certain that they will defend it. In the group preparing the paper on Soviet intentions, to take a recent example, Mr. Ford was forced to take the lead in all discussions and it is certain that without his participation the paper would have represented a total capitulation to Franco-German views. It might also be noted that in the opinion of the Secretariat, the Political Advisers Committee is not the place to suggest substantive amendments to a paper; if a country has views on a particular subject, it should arrange to have them presented in the committee preparing the relevant paper.

In short, therefore, if we were successful in having a more acceptable paper this year than in the past, it was in some measure at least due to the fact that Canadian drafts had been prepared and Canadian representation made it possible to give added support to the views with which we were in agreement.

(2) An advantage of considerable importance for officers of my rank is the experience gained and the opportunities afforded for making contacts with those specialized in Far Eastern affairs in other Ministries. The discussions were informative both in themselves and in that they provided insights into the national attitudes of the other representatives towards the problems of Asia. I personally found considerable training value in the opportunity to take part for the first time in this sort of committee work with officers from without the Canadian service.

(3) A point that was emphasized by Mr. Léger and Mr. George is that the NATO delegation welcomes Canadian participation in these meetings since it provides an expression of further Canadian interest in NATO and enhances our ability to make our views known and accepted in general. It is easier to be taken seriously in the Political Advisers Committee if we have shown an active interest in the various special committees.

3. Subject to your agreement, and on the basis of my experience in Paris last week, I would recommend:

(1) that Far Eastern Division (and other divisions which have a responsibility for the other subjects covered by these NATO papers) accept the principle of Canadian participation in the half-yearly meetings of "experts" to prepare papers for NATO ministerial meetings.

(2) that the Department should be represented from Ottawa at the desk-officer level at least once a year (except when the importance of the paper makes higher-level representation desirable), preferably at the autumn meetings which are considered to be of slightly more importance than the spring meetings. Since Departmental finances might not permit attendance from Ottawa at all meetings, officers in European posts with knowledge of the area concerned could be designated to attend meetings at which the Department will not be represented by an Ottawa-based officer. In all cases, draft papers should be prepared in Ottawa — the representative without a national draft is very much a second-class citizen. Finally, officers designated should have a sufficient knowledge of French to understand the interventions in that language.

THOMAS M. POPE

[PIÈCE JOINTE/ENCLOSURE]

Note de la Direction de l'Extrême-Orient

Memorandum by Far East Division

CONFIDENTIAL [Ottawa], March 31, 1960

NOTE ON NATO FAR EAST EXPERTS' MEETING

What follows is designed to give an account of the preparation last week in Paris of this spring's NATO paper on the situation in the Far East. The meetings were attended by representatives of the U.K., U.S., France, Italy, Germany, The Netherlands, Belgium and Canada.

2. We had prepared in the Division five draft country-sections for submission to the meeting. These drafts covered China, Laos, Cambodia, Burma and Indonesia. When I saw Mr. George in his office on Monday afternoon, he made the point that the most important section of NATO papers was the introduction, and that it was important to submit one if we attached importance to having any of our ideas accepted. I therefore got down to drafting such an introductory section, drawing fairly heavily on the conclusions of the paper prepared in the Departmental Working Group on Sino-Soviet policy, adding a paragraph on Chinese economic development at the beginning as well as a paragraph summarizing the situation in the other countries of Asia at the end. The sense of the draft section was to note:

(a) the redressment of the economic situation in China;

(b) the continued useful effects of Chinese mishandling of foreign relations in the past year and more;

(c) the inability of the other nations of Asia to match their growing awareness of the Chinese danger with corresponding efforts to improve prospects for political stability, economic development and regional co-operation.

3. This draft was reproduced in time for distribution to the committee at its first meeting on Wednesday morning.

4. The first meeting began with a rather inconducive and formless discussion of the major changes in the area since the last paper had been produced in November. The only identifiable point of agreement was that the Chinese seemed to be reverting to subtler tactics and that this was dangerous.

5. The committee met again after lunch to discuss the first country study on China. Apart from our drafts, three other delegations had prepared papers — the U.K., the United States and France. The Chairman — a German on the NATO Secretariat — immediately showed a disposition to overlook the French and Canadian drafts. Since I had a proprietary interest in the latter, I thought it prudent to suggest that the French draft presented a novel approach and should be considered as well. In fact, its only peculiarity was that it ignored the economic situation, but the diversion created such confusion that when the smoke finally cleared we were taking the Canadian draft as the basis for our discussion. After considerable argument about the relative success or failure of Chinese internal policies over the past six months, we agreed on four paragraphs which were based on the U.K. and Canadian papers.

6. The Canadian draft was less successful in the Chinese foreign policy section, and the U.K. draft, which was taken as the basis, was in fact a better account, and did not run counter to any of our views. There seemed to be good hope of having our views accepted on Sino-Soviet relations when the Italian — who had a genius for bringing up objections when a passage had been virtually agreed upon — began to doubt whether we should be too categorical about noting differences between the Soviet Union and China. At this the Netherlands Representative suddenly shot to life and, both guns blazing, informed the committee that China

had publicly supported Soviet disarmament proposals and had welcomed Mr. Khrushchev's trip to Asia. There was no evidence, therefore, for saying that there were *any* differences between the two countries. Rather shaken by the force of this attack, I thought the best tactic was to keep silent and let the others make the running. Unfortunately, the American seemed to be under instructions to say nothing on this point while of the two French representatives one was deaf and the other sound asleep both as a result of the lunch that the Secretariat had offered us and because, as a gentleman jockey, he had been up since 5 in the morning to exercise his horse at Maisons-Lafitte. This was particularly annoying since I had been banking heavily on him to help us out should this section run into difficulties. The U.K. Representative and myself were therefore left to defend the thesis that differences did exist the Soviet Union and China. Unfortunately, the U.K. Representative began by citing Kang Sheng's speech before the Warsaw Pact meeting in February.[3] This was apparently a sensitive point for the Chairman, since Mr. Spaak had noted this speech and had drawn unwarranted conclusions from it. The Secretariat had since then been at pains to assure Mr. Spaak that the Sino-Soviet alliance was not on the point of crumbling. The very mention of Kang Sheng was therefore sufficient to put the Chairman against us and the only way to save the situation was to accept the establishment of a two-man drafting sub-committee to produce an agreed position. I thus found myself closeted with the Netherlands Representative early next morning when three paragraphs were produced. Although these paragraphs were successful in avoiding blatant internal contradictions, they were not particularly satisfactory.

7. This should have brought to an end the discussions on China which, together with the general discussion at the first meeting, had taken up nearly half the time allotted to the preparation of the paper and gave rise to the most detailed drafting and exchanges of views. Unfortunately there later appeared at the meeting on Friday morning a representative of the Economic Secretariat who expressed dissatisfaction with the first paragraph of our draft. Since this paragraph was a Canadian contribution, I immediately said (1) that I doubted whether the Economic Secretariat knew more about the situation than we did and, (2) that the experts had been called together to prepare independently a report for their Ministers and were therefore not bound to accept outside advice. Although the principle in (2) was no doubt sound, this intervention was not a particularly happy one, since the Economic Secretariat's point — that we had not given the Chinese sufficient credit for their success in overcoming the economic problems of early 1959 — was perfectly acceptable to us. There then followed a rather embarrassed discussion in which, with the help of the U.K. Representative, means were found to reject the Economic Secretariat's draft while retaining the substance. We finally found a sentence in the U.K.'s original draft and composed a sentence or two of our own which covered the point. In the process, of course, Canada lost a paragraph.

8. In spite of this, it seemed to me that we had been fairly successful in having our China draft considered by the Committee. It was nevertheless nothing compared to the success the drafts prepared by Mrs. Beattie and Mr. Sharpe encountered. In all cases they were taken as the basis of discussion, and in two cases were adopted virtually in their entirety. The only unsatisfactory feature of the discussions on countries other than China was lack of time for detailed discussion. We passed to examinations of these countries on Thursday afternoon, and finished them — with the exception of India — on the same day in order to leave the next day free for a discussion of the general section and redrafting of the paper as a whole. The points that emerged in the discussion that are worth mentioning are:

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[3] Voir/See *Documents on International Affairs 1960* (London: Oxford University Press/Royal Institute of International Affairs, 1963), pp. 183-88.

1. Great emphasis was put on the significance of the Revised U.S.-Japan Security Treaty[4] as demonstrating the close alignment of Japan to the West. I was almost totally unsuccessful in having inserted a word of warning to the effect that neutralism was a strong force in Japan and could compromise both Mr. Kishi and his policies.

2. There was general agreement that we should blast President Rhee for his cavalier treatment of the opposition in the recent election.[5] The U.S. Representative accepted without difficulty a French draft which covered this point.

3. The Dutch Representative insisted that the Canadian draft on Indonesia be amended so as to give more emphasis to the strength of the Communists and the continuing ability of the rebels to tie down the army. It was nevertheless surprising that he accepted our draft in general with such equanimity, and did not insist on value judgments against the Sukarno Government.

4. The French draft on Laos contained a paragraph which described the United Nations' role in Laos as a positive contribution to stability in the country, in contrast to our draft which was more factual in its treatment of this point. Rather surprisingly; the U.S. Representative agreed to the adoption of the French text.

5. The German Representative produced a draft on India which did not appear to violate substantially the instructions from Ottawa not to delve too deeply into internal Indian affairs. Although I tried to suggest we might be better off if we ignored India completely, the U.K. Representative's instructions were to say nothing on this subject and I was steamrolled. I therefore said that I had received no briefing on India, and that I would sit through the discussions only on condition that it was understood that the Canadian delegate in the Political Advisers Committee might reopen the question when Ottawa had seen the draft. The Chairman took note of this reservation, but also said that the Political Advisers Committee had already agreed that this year's Far East Paper should include an Indian section.

9. Not much need be said about the preparation of the general section of the paper. Our draft was again fairly successful. The result was a fairly comprehensive review of main developments in the area without too much emphasis on military preparation as the solution to all problems.

[T.M. POPE]

163. DEA/50102-Y-40

Note

Memorandum

CONFIDENTIAL [April 1960]

NATO MINISTERIAL MEETING — MAY 1960
EAST-WEST RELATIONS

A Working Group comprising representatives of the United Kingdom, United States and France and the NATO Alliance has been meeting in Paris to prepare documentation and to

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[4] Voir/See "Prime Minister Kishi Visits Washington for Signing of Treaty on Mutual Co-operation and Security between the U.S. and Japan," *Department of State Bulletin*, Vol. 42, No. 1076 (February 8, 1960), pp. 184-201.

[5] Voir/See G. Barraclough, *Survey of International Affairs 1959-1960* (London: Oxford University Press/Royal Institute of International Affairs, 1964), pp. 317-19.

coordinate Western views on the general subject of East-West relations. This material is for the use of the Western Heads of Government at the Summit Meeting. The report of the Working Group is to be given a final review at the Ministerial Meeting in Istanbul.

East-West relations comprise a wide range of subjects and the Working Group's report is therefore extremely diffuse. It includes:

a review of cultural, scientific, technological and other exchanges with the Soviet Union;

possible Soviet proposals and Western answers on general political relations; and

aspects of East-West relations including an examination of the advantages and disadvantages of a three-power or four-power statement concerning a "code for co-existence."

It also includes sections on trade and economic questions and an examination of the possibilities for East-West co-operation in the field of aid to under-developed countries. Separate briefing papers have been prepared on these two latter subjects.

Approach to the Soviet Union at the Summit Meeting

In discussion of the Working Group paper which has already taken place in the NATO Council, it is apparent that there continue to be differences of opinion over the extent to which the Western Heads of Government should express dissatisfaction over the present state of relations between the Soviet bloc and the West. French and German representatives have taken the lead in urging that the Western side should complain strongly to Premier Khrushchev that the present state of international relations remains unsatisfactory. Other representatives, including Mr. Léger, have suggested that, no matter how dissatisfied we may be with the present state of East-West relations, there has been a significant improvement since Stalin's death — first: the risk of war has been somewhat reduced, and secondly (as has been recognized in Annex A of the Working Group's paper) substantial progress has been made on some aspects of East-West contacts since the 1955 Heads of Government meeting.

This more positive approach which Canada among others has promoted assumes that further improvement in relations between the West and the USSR requires a fundamental change in the attitude of the Soviet leaders towards the West. For over forty years they have believed that the West was hostile to them and have confirmed their impression by acting in a hostile manner towards the West. Now, confronted with the possibility of a nuclear war in which great destruction would be wreaked upon the Soviet Union, the Soviet leaders appear to have decided to reduce the dangers of accidental war. But their basic hostility to the West remains a serious impediment to any rapid improvement in relations. The most that can be hoped for is a continuation of the present rate of progress. This, it would seem, could be best achieved by aiming at all times in discussions and negotiations at the Summit Conference to secure the maximum area of agreement with the Soviet Union on projects and policies which would serve to increase contact. (Attached as Annex I is a suggested statement for possible use as a general comment on the report.)†

Code of Co-existence

Although the Working Group has included some background material on the advantages and disadvantages of attempting either a three-power or a four-power statement on a code of behaviour during a period of co-existence, there has been disagreement between the member governments on the advisability of such an approach. The British Government favours four-power agreement to a set of principles which would involve Soviet recognition that peaceful co-existence means something more than the mere continuation of the struggle between the East and the West by every means short of war. The French Government is interested in exploring the possibilities of four-power agreement to a statement in support of non-intervention by the great powers in the internal affairs of other countries.

The question was apparently discussed at the Washington meeting by the four foreign ministers concerned. They failed to reach agreement and it was decided to leave this question until the Heads of Government meetings immediately prior to the Summit Conference itself.[6] For this reason the question is unlikely to come up at the Istanbul meeting.

As far as the Canadian Government is concerned the principal emphasis has been placed on the desirability that the communiqué at the conclusion of the Summit Conference should note a decision — if a decision is reached — that future Summit Conferences should be held. This is in fact the essential question since, if it is agreed to hold further Summit Conferences, it can probably be assumed that Soviet international conduct will continue to be somewhat more moderate. (In case the subject should be discussed, I attach as Annex II a suggested statement which you might wish to use.)†

164. DEA/50341-40

Note

Memorandum

CONFIDENTIAL [April 1960]

NATO MINISTERIAL MEETING — MAY 1960
GERMANY AND BERLIN

The four-power Working Group on Germany and Berlin, established in conformity with decisions of the December Ministerial Meeting, conducted its work in Washington and produced an agreed report containing recommendations relating to the Western approach at the Summit to problems in this field. Their report was reviewed by the foreign ministers of the United States, United Kingdom, France and West Germany in Washington, on April 14, and was approved, subject to minor changes. This report will be discussed at the Istanbul meeting, when Mr. Lloyd will make an oral presentation relating to it. It will subsequently be reviewed by the Western Heads of Government when they meet in Paris just prior to the Summit Meeting.

Comment: In general this report is thorough and well-prepared. It sets forth with clarity and completeness an analysis of Soviet intentions and it examines in detail the contrasting positions of East and West on the German and Berlin issues. There are points of detail on which Canada might appropriately comment but on the whole the presentation of the problems and possibilities involved in the German and Berlin questions is one which we can endorse.

Soviet Policy Toward Germany and Berlin

The paper begins by pointing out that "such relaxation of tension as has occurred" has not involved any substantive change in the Soviet position. The Soviet leaders appear to assume that world power is shifting in their direction and that the West will be obliged to accommodate to this shift.

Their long-term objectives with respect to Germany are the incorporation of Berlin in the Soviet Zone, the consolidation of the present régime in East Germany and the extension of communist influence throughout Germany. For the present, however, the Soviet leaders are expected to concentrate on undermining the Western position in Berlin, severing Berlin's ties

[6] Voir/See *Foreign Relations of the United States 1958-1960, Vol. IX* (Washington: United States Government Printing Office, 1993), document 117.

with West Germany and forcing the West into dealing with the East German régime. They are not expected to use force in the immediate future to achieve these objectives, but will promote them by their control of the routes of access and their ability to bring about crises when they wish. In order to avoid upsetting the improved East-West relations, they are seeking to place responsibility for the situation in Berlin on West Germany.

The paper recognizes that Khrushchev is under some pressure from the leaders of East Germany to make progress over Berlin. However, he has a personal stake in the continuation of *détente* and is not expected to press at the Summit Meeting for a solution to Berlin. If there should be no progress, the paper states that sooner or later Khrushchev will proceed with his threat to sign a separate peace treaty with East Germany, although the timing of this action will depend on the world situation.

On Germany Khrushchev is expected to concentrate on the existing Soviet proposals for a peace treaty with the two Germanies.[7] On Berlin, Khrushchev is expected to press for the withdrawal of Western forces, the severing of political and economic links with the Federal Republic and increasing the status of the Soviet Zone régime.

Comment: We agree generally with this estimate of Soviet intentions on Germany and Berlin. It seems probable that for the immediate future Khrushchev may agree not to insist on a settlement of Berlin, although this will probably be dependent upon some success being achieved in the fields of disarmament and increasing East-West contacts. As the paper recognizes, Khrushchev will not indefinitely hold up applying his threat to sign a peace treaty with East Germany.

We regard to the long-term aims, while we agree with the description, it is worth noting that such statements are not in themselves very revealing. The Western long-term aims in Germany are in fact the reverse, namely, the reunification of Germany, and the linking of the whole of Germany to the NATO Alliance.

Western Response on Germany

The paper starts from the position that the present division of Germany into two parts creates tension and endangers peace. Reunification would at the same time provide a solution of the German problem and of the Berlin question.

The paper recognizes that reunification is not possible at present since the Soviet Union is unwilling to relinquish its control of East Germany. The object of Western policy, therefore, is to keep alive the desire for reunification. To do this the Western side at the Heads of Government meeting will first revive the Western peace plan which was originally submitted to the Geneva Conference of Foreign Ministers in 1959.[8] The only modification is provision for adjusting the security aspects of the plan to take account of any agreement reached by the 10-nation disarmament committee. If this proposal is rejected, as is anticipated, the Western side will propose that a plebiscite be held in East Germany, West Germany and Berlin, to be supervised by the United Nations in order to determine whether the German people wish a reunified Germany or separate peace treaties with the two parts of Germany. It is assumed that the Soviet Union will not accept this proposal either. (A draft of the proposal is attached to the Working Group paper.)

The paper recommends that the Western Heads of Government should reject Soviet proposals for peace treaties with the two parts of Germany and any suggestions for the

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[7] Voir/See *Documents on International Affairs 1959* (London: Oxford University Press/Royal Institute of International Affairs, 1963), pp. 1-9, 40-53.

[8] Voir/See *Documents on International Affairs 1959*, pp. 34-39.

formation of an all-German committee leading to confederation between the two parts of Germany.

Comment: The paper recognizes correctly that there is no possibility for reunification in the present circumstances. This, however, is a private position and in public the Western Heads of Government continue to urge reunification. It is important to note the difference between the private and public positions which the Heads of Government will adopt.

It is not expected that the Soviet Government will agree to the proposal for a plebiscite. Its purpose is to emphasize Western support for reunification and to attract favourable world publicity. It should be noted that the proposal includes a provision that in the event that there were "differing results in the three areas ... (the Western side) would be prepared to accept as a basis for further discussion of the German question the choice expressed by a majority of the German people as a whole." This would provide the possibility for the West German population, which is three times the size of that of East Germany, to cancel out even a favourable vote in East Germany for the Soviet plan. This will ensure Soviet rejection of the proposal.

The paper recognizes that it is impossible to avoid separate discussion of Berlin at the Summit Meeting and suggests that the Berlin question should be properly set in the German context.

Western Response on Berlin

The paper concludes that the Western powers cannot expect any improvement on their present position in Berlin. It examines a number of possible solutions which have been suggested on Berlin:

(a) a proposal to incorporate Berlin into the Federal Republic as an eleventh land;

(b) a proposal to put Berlin under the authority and protection of the United Nations;

(c) a proposal to establish a sovereign "free city" of Berlin in which Allied troops would remain as a security force;

(d) (it rejects as completely undesirable the Soviet proposal for a demilitarized "free city.")

The paper concludes that "the serious disadvantages of any of these arrangements would greatly outweigh any possible advantages which such proposals might involve." The disadvantages which it states without elaboration are as follows:

(a) "they would abolish the last vestiges of common responsibility for Germany among the four powers;

(b) "they would reduce to a precarious state any continued presence of Allied forces in Berlin;

(c) "they would render definitive the division of Berlin into two parts;

(d) "they would make it still more difficult to avoid dealing with East Germany;

(e) "they would gravely affect, if not nullify, the NATO guarantee for Berlin."

The paper examines the proposals made by the Western powers at the Geneva Conference in 1959 for such steps as reducing Allied troop strength, renouncing nuclear weapons, and restricting "certain activities," and raises doubt about the advisability of renewing these proposals, if they were related to a "time clause."

There is a brief reference to the possibility that the Western powers may "put forward a proposal for an all-Berlin solution." No indication is given as to what the Working Group has in mind, beyond stating that it is working on an elaboration of proposals tabled by Secretary Herter at Geneva on May 26, 1959.

In the event that new Soviet proposals should be advanced, the paper suggests that they be evaluated in the light of the following requirements:

1. maintenance of Allied occupation rights;
2. adequate guarantees of West Berlin security;
3. avoidance of obstructions to reunification;
4. maintenance of the ties between Berlin and the Federal Republic;
5. avoidance of the erosion of the principle of unity of Berlin;
6. maintenance of the freedom of access to Berlin;
7. continuation of constitutional government in West Berlin; and
8. acceptability to the West Berlin people.

The paper emphasizes that the problem of Berlin is only one aspect of the problem of Germany and warns that any proposals on Berlin should be examined with regard to their effect on the German problem.

Comment: The paper has no positive suggestions to make with regard to Berlin and treats with extreme caution those proposals already made by the Western side at the Geneva Conference in 1959. It is implied, although not stated, that discussion of the German question will lead to discussion of Berlin; it is further implied that although the West will begin from the position it took at the beginning of the Foreign Ministers' Conference, it will almost certainly be necessary to consider again the ideas put forward by the West in 1959 for improving the situation in Berlin.

The problem which arose at the Geneva Conference and to which no adequate solution has been found since then is the situation which would face the West at the conclusion of a time limit. The Russians were unwilling to affirm that, if no agreement had been reached by the end of an agreed time limit, Western rights in Berlin would be unimpaired. It is unlikely that the Soviet Union would be prepared to agree to a time limit which would be anywhere near acceptable to the West. In this circumstance it seems unlikely, even if the Western proposals should again be discussed, that a separate settlement on Berlin could be reached.

We agree with the estimate in the paper that Khrushchev is unlikely to press at this first Summit Meeting for a settlement on Berlin. This will depend, however, on progress in the fields of disarmament and East-West relations.

As you know, President de Gaulle considered it important that these two subjects should be dealt with at the Summit Meeting since there was some prospect of agreement on them, whereas he saw no possibility of agreement on Berlin or Germany.

We agree that the West cannot expect to improve its position in Berlin. We also agree that the Soviet Union is unlikely, if it should prove impossible to reach an agreement over Berlin at this conference, to proceed immediately with its threat to sign a separate peace treaty with East Germany. In this circumstance, and assuming that some progress can be achieved in the fields of disarmament and East-West relations, the policy suggested in this paper is probably the best which the West can adopt for the present.

165. DEA/50102-Y-40

Note

Memorandum

SECRET [April 1960]

NATO MINISTERIAL MEETING — MAY 1960
DISARMAMENT

The five Ministers principally concerned with Summit preparations on the disarmament question will meet in the British Consulate at 5.00 p.m. on Sunday, May 1. Their private discussions are expected to focus on a report which the Western negotiators will submit from Geneva on about April 26[9] and which should contain an indication of areas of possible agreement with the Soviet side for emphasis in the Western Summit position. Although the negotiators may well fail, as they did for the Washington meeting, to come up with positive suggestions, the report should provide a useful summary of the latest developments in Geneva on which to gauge likely Soviet tactics at the Summit meeting. Until it is available, it is difficult to pin-point specific issues which will hold the centre of the stage at the private meeting.

At the immediately following NATO meeting, disarmament will be the first item on the agenda and will be introduced by Mr. Selwyn Lloyd. The United Kingdom, the United States and Italy will no doubt work for an agreed Five Power presentation to NATO. France will be reluctant to lose freedom of manoeuvre in respect of General de Gaulle's special position on nuclear arms, but this should not be of as great importance to France as maintaining a common front with its two Western Summit colleagues.

Post NATO Meeting of Five Ministers

During the Washington meeting[10] the Italian representative, with the obvious blessing of Mr. Herter, suggested it would be desirable to have a further private meeting of the five Ministers after the NATO meeting. This would preserve maximum secrecy about the plans of the Western Heads of Government until the most propitious moment for them to announce their agreed initiatives. Since Canada has been one of the chief proponents of the principle of full and equal discussion in NATO, it would seem appropriate for us to go along with this suggestion, only if the NATO Council is informed about it.

Disarmament in East-West Relations

So far as Canada is concerned, disarmament should be considered in two separate, but obviously related, contexts at Istanbul. On the one hand, there is the general question of East-West relations; European Division has prepared a brief† emphasizing our interest in ensuring that the Western Heads of Government do not, either by intent or through neglect, fail to reflect our main views on disarmament in any declaration of Western principles on the proper conduct of East-West relations. The basic elements of Canadian policy relevant to this context are:

(a) emphasis on the independent importance of the disarmament negotiations;

(b) adequate recognition of the role of the United Nations;

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[9] Voir/See *Documents on International Affairs 1960* (London: Oxford University Press/Royal Institute of International Affairs, 1963), pp. 75-76.

[10] Voir/See *Foreign Relations of the United States 1958-1960, Volume III* (Washington: United States Government Printing Office, 1996), document 252.

(c) the need for early attention to nuclear disarmament, and

(d) willingness to negotiate seriously with, and to consider the reasonable preoccupations of, the Soviet side.

On the other hand, disarmament will be considered at Istanbul somewhat more thoroughly in the context of a possible Summit directive to the Ten Nation Committee. Without a spur to action from the four Heads of Government, negotiations in the Committee may well remain stalled. Canada is interested both in getting them moving as soon as possible and in having our policy preoccupations clearly reflected in any move taken for this purpose.

Nuclear Weapons Test Ban

Whether or not the Ten Nation Committee can get down to meaningful negotiations will depend on Soviet intentions, since their co-operation is essential if the discussions are to assume a concrete form. Ultimately, Soviet willingness to negotiate seriously, and indeed the willingness of the United Kingdom and the United States to continue their sincere efforts in the Committee, will hinge very directly on the success or failure of the Three Power talks on the discontinuance of nuclear weapons tests. Although hope for an early agreement remains high, recent testimony in Washington has raised doubt that any treaty could be fully completed this summer, especially in an election year in the United States. It is, therefore, difficult to see a dramatic breakthrough in the Ten Nation Committee in the very immediate future.

Directive to the Ten Nation Committee

Nevertheless, there is much practical work that could be done in the Ten Nation Committee and our allies seem genuinely anxious to get on with it. Khrushchev, too, may wish to earn credit for helping the Ten Nation Committee over the present impasse if only because there may not be much progress on other political problems at the Summit. Moreover, the USSR is thought to have more genuine interest in disarmament now than at any time since the end of the war. Then, too, the Soviet Union has its eye very much on the next General Assembly of the United Nations.

The Western negotiators have already offered for concrete discussion, individually and together, virtually every one of the several disarmament measures contained in the first two stages of the Western plan.[11] Thus, even if the Western negotiators can suggest measures encouraging some degree of common East-West interest, it does not seem promising merely to advance these at the Summit. If anything can get the negotiations moving this summer, something more than is contained in the Western plan is required. Khrushchev may be expected to put forward his own proposals. The task may be to arrive in the Summit discussions at an accommodation, probably on fairly modest lines.

[11] Voir/See United Kingdom, Parliamentary Papers, Cmnd. 981, *Text of the plan for comprehensive disarmament tabled by the delegations of Canada, France, Italy, the United Kingdom of Great Britain and Northern Ireland and the United States of America at the Conference of the Ten Nations Committee on Disarmament in Geneva on March 16, 1960, together with an Extract from a Speech by the Foreign Secretary at the United Nations on September 17, 1959* (London: Her Majesty's Stationery Office, 1960).

Pledge Not to be the First to Use Weapons of Mass Destruction

A separate brief suggests that we should encourage our Western partners to explore variants of Zorin's "pledge"[12] (although it can hardly be said historically to be Soviet in origin). Our main suggestion is twofold:

(a) to use the phrase "weapons of mass destruction" in order to avoid the military danger of including tactical weapons and, at the same time, to encompass biological and chemical weapons, and

(b) to link the "pledge" to agreement to control effectively both a reduction of forces to the level of 2.5 million and a corresponding reduction in armaments.

General Norstad's Proposals

A separate brief† deals with the growing desire of SACEUR to have his proposals to reduce the threat of surprise attack in Europe figure in the Summit discussions. The military significance of these is not as great now as when they were first proposed. In addition, there is the danger that the USSR would seek to derive propaganda advantage from labelling the proposals as yet another Western attempt to avoid discussion of "real" disarmament. Nonetheless, since General Norstad's ideas relate to an area which the USSR describes as a potential tinderbox for war, they might strike a responsive chord with Khrushchev. If accepted, the SACEUR scheme would have the great political advantage of:

(a) establishing a pilot model for control and inspection in Europe,

(b) of compiling accurate information on existing forces in Europe as an indispensable first step toward eventual disarmament in that area, and

(c) giving both sides an opportunity to gain experience in co-operating together on a relatively small project.

Neither Norstad's proposals nor a qualified pledge regarding first use of weapons of mass destruction goes beyond first stage measures, if indeed they can be classed at all as disarmament. However, both could be significant exercises in confidence-building and, as such, could have an important effect in encouraging concrete discussion on other disarmament measures.[13]

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[12] Une suggestion faite par Zorin lors de la réunion du 8 avril du Comité des dix pays sur le désarmement. Voir United Kingdom, Parliamentary Papers, Cmnd. 1152, *Verbatim Records of the Meetings of the Ten-Power Disarmament Committee held at the Palais des Nations, Geneva, March 15-April 29, 1960 and June 7-June 27, 1960* (London: Her Majesty's Stationery Office, 1960), pp. 369-70, 560-61.

A suggestion made by Zorin at the April 8 meeting of the Ten Nation Disarmament Committee. See United Kingdom, Parliamentary Papers, Cmnd. 1152, *Verbatim Records of the Meetings of the Ten-Power Disarmament Committee held at the Palais des Nations, Geneva, March 15-April 29, 1960 and June 7-June 27, 1960* (London: Her Majesty's Stationery Office, 1960), pp. 369-70, 560-61.

[13] Voir/See document 70.

166. DEA/50102-Y-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM DL-523 Ottawa, May 9, 1960

SECRET. PRIORITY.

Repeat CCOS, DM/DND, Washington, London, Paris, Bonn, Hague, Rome,. Permis New York (Priority) (Information).

By Bag Ankara, Athens, Lisbon, Oslo, Stockholm, Copenhagen, Helsinki, Moscow, Belgrade, Berlin, Warsaw, Prague from London.

NATO MINISTERIAL MEETING — ISTANBUL
REPORT OF DELEGATION ON ITEM I(B) — GERMANY AND BERLIN

A short and rather uninspired discussion followed Mr. Herter's brief oral review of the report of the Working Group, during which he took into account the views expressed at the meeting on May 1 of the Foreign Ministers of France, the UK, the USA and the Federal Republic. The debate revealed virtually unanimous support for the general line of approach set forth in the Working Group's report and the few opinions expressed were mainly designed to improve the presentational aspect of the Western position.

2. Following is a summary of the main points covered in the discussion.

Western Tactics

It was generally agreed that the Western negotiating powers will have to devise their tactics at the Summit as the actual Soviet position emerges in the course of the negotiations. Mr. Herter explained that the experience at the Geneva Foreign Ministers Conference last summer[14] had shown how difficult it was to anticipate the precise points of Soviet emphasis and to formulate the best Western response.

Plebiscite in Germany and Berlin

The Netherlands and Belgian Foreign Ministers stressed the need to implement the Working Group's suggestion for a plebiscite in both parts of Germany and Berlin as a counter to Soviet efforts to gain acceptance of their expected proposal to have separate peace treaties with the two parts of Germany. Mr. Segni (Italy) agreed with this line and recalled that a similar suggestion was made by the Italian government in May 1958 and repeated by the President of Italy on the occasion of his recent visit to Moscow. Mr. Krag (Denmark) thought that the West should exercise caution in exploring plebiscites in international affairs and he reminded the Council how they had been misused in the past. No comment was made by Mr. Brentano (Germany) whose brief and moderate intervention added nothing new to the known German position.

Summing up the discussion Mr. Herter expressed satisfaction that there seemed to be substantial agreement on proposing a plebiscite at the Summit to counter the expected Soviet opening move of a separate peace treaty with the two Germanies. He described it as a logical move and one that would come closer to finding an answer to a very difficult question.

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[14] Voir/See *Documents on International Affairs 1959* (London: Oxford University Press/Royal Institute of International Affairs, 1963), pp. 34-84.

Although no one had any illusions about the likelihood of its being accepted, if the USSR should agree, it would be "the sanest way of making reasonable determination leading towards the reunification of Germany."

Four-Power Committee of Experts

Mr. Krag (Denmark) thought that although the question of reunification was hardly negotiable now or in the immediate future, it would be desirable to devise ways and means of keeping the problem alive. In the circumstances he wondered whether it might be feasible to consider setting up a Four-Power Experts Committee supplemented by representatives from East and West Germany and entrusted with the task of continuing on a technical level the study of all aspects of the German problem with a view to preparing for new talks between governments. Mr. Herter commented that the experience of the last Summit Meeting was that fine words were agreed to but when the meetings were over and meetings of experts were convened, it was discovered that virtually nothing had been agreed to and that there had been a complete misunderstanding. He indicated that Mr. Krag's suggestion was being considered but that it was mainly one of determining at what level further negotiations should be held. This could be worked out if and when it becomes evident that further discussions would likely be fruitful.

Berlin — Status of Western Forces

Mr. Wigny (Belgium) suggested that it might be prudent if the West were not repeat not to place sole reliance on the present legal basis of their occupation forces in Berlin. Although their presence in Berlin is essential he thought that more flexibility would result if the West were to go to the Summit with a proposal that the Western military presence in Berlin be based on a new agreement the conclusion of which would depend on the insertion of a condition recognizing their presence. In reply Mr. Herter indicated that considerable thought had been given to devising such a formula but so far they had not repeat not succeeded. He pointed out that the present occupation rights are specifically defined and the occupying powers would not repeat not wish to give them up unless a better formula could be found, which was unlikely in the short time remaining before the Summit Meeting.

Berlin — Contingency Planning

Noting the absence of any reference to this problem in the report of the Working Group, Mr. Wigny enquired whether the plans made a year ago were still valid in the event the USSR should go ahead with its announced intention to sign a separate peace treaty with East Germany thereby giving the East Germans authority over the routes of access to Berlin. Mr. Herter confirmed that the earlier plans were still in effect.

NATO Support for Western Position

In presenting the views of the three, Mr. Herter emphasized how important the display of firmness and unity in previous NATO discussions of Germany and Berlin had been in creating a proper psychological and political climate for Western negotiations with the USSR. As expected, suggestions were made during the discussion that the Council publicly endorse the Western position in terms similar to previous NATO communiqués. In the event the final communiqué adopted on May 4[15] contained an unexceptionable paragraph which reaffirmed the Western view on German reunification, recalled the Council resolution of December 16,

[15] Voir OTAN, *Communiqués finals, 1949-1974* (Bruxelles, s.d.), pp. 138 à 139.
See NATO, *Final Communiqués, 1949-1974* (Brussels, n.d.), pp. 131-32.

1958[16] and reiterated the determination of the Alliance to protect the freedom of the people of Berlin.

167. DEA/50102-Y-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM DL-529 Ottawa, May 10, 1960

SECRET. PRIORITY.

Repeat Washington, London, Paris, Bonn, Geneva, Brussels, Hague, Rome, Permis New York (Priority) (Information).

By Bag from London: Ankara, Athens, Lisbon, Oslo, Stockholm, Copenhagen, Helsinki, Moscow, Belgrade, Berlin, Warsaw, Prague.

Info: CCOS, DM/DND.

NATO MINISTERIAL MEETING — ISTANBUL
REPORT OF DELEGATION ON ITEM I(C) — EAST-WEST RELATIONS

Following is a summary of the main observations and conclusions reached during a wide ranging and rather diffuse discussion of the Working Group's report, which was presented by M. Couve de Murville. Debate revealed general accord on major issues.

Approach to the Summit

2. It was agreed that Heads of Government could usefully exchange views at the Summit on the nature of East-West relations in an attempt to define the bases on which these relations should rest. There was considerable support for Mr. Lloyd's contention that one should not attempt to be too dogmatic or precise in approaching the general problem. The West should be positive and constructive in its approach but it was equally important that it should not be dominated by an attitude of inferiority.

Détente

3. M. Couve de Murville endorsed Mr. Lloyd's contention that there was no reason to believe that détente is *a priori* dangerous for the West and favourable to the Soviet Union. He added that the French government had always maintained that the first objective of the Summit was to arrive at a détente in international relations. France and other Western nations had, he thought, nothing to gain from prolongation of the cold war. Most speakers supported this line. Couve also contended that if the West adopts this attitude it will be in a better position to discuss specific problems at the Summit. For example, if the Soviet Union decides to raise the question of Berlin as a separate issue, when it is obviously part of the German problem as a while, and insists on acceptance of their solution, such an attitude would be contrary to the spirit of true détente and would enable the West to argue effectively that the Soviet Union is obviously not in favour of a real détente.

4. As a result of a long Greek intervention protesting against the Soviet Union's propaganda attacks against the Greek government at a time when the former is preaching co-existence and

[16] Voir OTAN, *Communiqués finals, 1949-1974*, pp. 128 à 131.
See NATO, *Final Communiqués*, 1949-1974, pp. 121-24.

abandonment of the cold war, coupled with a similar complaint by the German Foreign Minister about Soviet propaganda attacks against the West German government, it was agreed that the West should insist that real détente must be general in application. The ministers also felt that although there was probably good reason to conclude that the Soviet Union genuinely wanted a détente in Europe, there was no indication that they would favour a détente in Africa, Asia, and possibly Latin America. In the circumstances the West should press for a détente covering other areas as well. This view was recorded in the communiqué which included the slogan "détente like peace is indivisible."

5. It was accepted that the West should have no illusions about the Summit Conference and should not lead public opinion to expect dramatic results or solutions. If some agreement on the nature of relations between East and West were reached it would be the beginning of a long and probably slow process which the West should try to influence in the right direction i.e. of a general détente.

Declaration of Principles

6. Canada and several other countries supported the idea that the three should have available at the Summit a declaration of principles, based on the Working Group's draft. This could be used to counter an expected Soviet move to gain acceptance of its formula of peaceful co-existence and could serve as an effective public statement of Western aims and objectives. It was not felt, however, that any advantage would be gained from attempting to reach a joint declaration of principles with the U.S.S.R., not only because of the difficulties involved in attaining such agreement but also because the Soviet Union would undoubtedly place its own interpretation on any agreed set of principles.

7. One question was whether the three should issue such a declaration before or after the Summit Meeting. Mr. Green expressed the view, which was accepted, that it should be left to the discretion of the three to decide in the light of developments. An enquiry by Mr. Spaak regarding NATO's role led to a suggestion from Mr. Herter that the declaration might be worked over and issued by NATO on the eve of the Summit Meeting. This idea was immediately supported by Mr. Lloyd, but M. Couve de Murville reserved his government's position asking that opportunity be given to study it. Mr. Lange made the interesting suggestion that in preparing the draft declaration an attempt might be made to bring the existing draft more into line with the principles of the United Nations Charter in order to gain wider international support.

Contacts and Cultural Exchanges

8. The consensus of opinion was than an increase in cultural and other exchanges with the Soviet bloc would be advantageous to the West. The Soviet Union would probably continue to be reticent about exchanging information and ideas fully but the West should persist in its efforts to persuade the Soviet Union to increase the flow of information and to widen contacts.

Trade and Economic Questions

9. Very little reference was made to the question of discussing East-West trade matters at the Summit. The Canadian and Belgian foreign ministers were pretty well the only speakers who dealt with this important aspect of East-West relations. The majority appeared content with the rather negative line taken in the Working Group's report and with M. Couve de Murville and Mr. Spaak's general observation that the West is in a much better position to take the initiative in respect of contacts and cultural exchanges than in the field of East-West trade. An even more negative opinion was expressed by M. Zorlu who warned that expanded Western trade with the Soviet Union in a period of détente will assist the latter in achieving its economic objectives at home and if Western credits are extended may enable it to help under-developed areas — thereby increasing its influence in those countries. There was, however, no

disagreement with the Canadian view that the West should be prepared to engage in general discussions on East-West trade at the Summit if the other side should raise it.

10. By way of stressing the need for a positive Western approach at the Summit, Mr. Wigny thought that some Western initiatives on economic questions could be advantageous. As examples, he suggested (1) raising in a general way the possibility of Soviet participation in international commodity agreements and (2) exchanging views in broad terms on the problem of devising regulations to facilitate a more normal mutually satisfactory trading relationship between free enterprise economies and the controlled economies such as those of the Soviet bloc. Mr. Wigny referred to the considerable changes taking place in the Soviet economic system and expressed the opinion that the Russians appear to be setting up procedures which suggest they are contemplating some multilateral and triangular trading relationships.

11. A similar point of view in respect of commodity agreements was expressed by Mr. Green who referred also to the benefit which might accrue to under-developed countries in the event the Soviet Union should accept a Western proposal to participate in such arrangements. Soviet rejection of such a proposal would in the Canadian view undermine their position in under-developed countries, whose economies are highly sensitive to rapid fluctuations in the world prices of raw materials, and would give the West an important propaganda advantage.

Aid to Under-developed Areas

12. The majority showed little support for the idea, originally advanced by the French, that the West should take the initiative in proposing at the Summit that the U.S.S.R. should cooperate with the Western countries in an expanded international programme of aid to under-developed areas. Neither was there much enthusiasm for the Norwegian proposal that the Western proposal should be related specifically to increased assistance through existing United Nations agencies in order to prevent Soviet political exploitation of their aid contributions. The main objections to Mr. Lange's proposal were (a) that the U.N. is not set up to provide investment capital assistance which is the form of aid most urgently needed and (b) the political difficulty resulting from the division into voting blocs in the U.N., which in this case would mean a division between those who are potential recipients and the potential suppliers many of whom are colonial or former colonial powers.

Non-interference — Arms Deliveries

13. There was little interest in the idea in the Working Group paper that the West should propose at the Summit a general discussion of limiting the supply of arms to certain regions provided any arrangement included all states which participate in unilateral or multilateral security arrangements with the West or the Soviet bloc. Canada spoke in favour of raising the question at the Summit providing it were set forth in terms which would provide for general application of any arrangement to all exporting and importing countries. Mr. Green also suggested that it Mr. Khrushchev should show any interest in the subject, which is closely related to disarmament, agreement might be reached to refer the problem to the Ten-Nation Disarmament Committee for detailed examination.

Consultation with the Council

14. Concluding the discussion, Mr. Spaak spoke of the general satisfaction which had been expressed by ministers on the degree of consultation with NATO on Summit problems and enquired whether it would be possible for the three to keep the Council informed from day to day during the Summit meetings. When Mr. Herter and Mr. Lloyd indicated the practical difficulties involved in attempting such continuous consultation, Mr. Spaak suggested that the three might consult the Council in the event some new proposal should arise at the Summit the substance of which had not been dealt with in NATO. There was no comment on this from the three, and at the close of the discussion the impression was left that a flexible procedure would

suffice, probably involving a report to the Permanent Council by one of the foreign ministers at the end of the Summit Meeting.

2e PARTIE/PART 2

RÉUNION DU SOMMET À PARIS
PARIS SUMMIT MEETING

168. DEA/50105-N-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM DL-27 Ottawa, January 12, 1960

SECRET. OPIMMEDIATE.

Repeat Washington, Bonn, Geneva, London, Rome, CCOS, The Hague, Permis New York, Paris, Brussels (OpImmediate) (Information).

By Bag from London: Oslo, Copenhagen, Athens, Ankara.

SUMMIT PREPARATIONS — SCHEDULE OF MEETINGS

Following is text of schedule of meetings relating to Summit preparation which has been agreed to by U.K., U.S. and French governments and will, we understand, be circulated at NATO Council Meeting tomorrow. Our comments going forward in immediately following telegram. Text Begins: *Summit Preparations*

A. *Schedule of Meetings*

The date of 2nd May for the NATO Ministerial Meeting in Istanbul has already been proposed to the Council by the Turkish Government and it is hoped that agreement can be reached on this date at the meeting of the Permanent Council on the 13th January.

2. If this is agreed, the proposed schedule of all meetings associated with the Summit would be as follows:

(1) The United States, United Kingdom, French and German Foreign Ministers would meet in Washington on 13th and 14th April, to consider progress in the Summit preparations.

(2) The North Atlantic Council Foreign Ministers Meeting would be held in Istanbul beginning the 2nd May.

(3) There would be a meeting of the United States, United Kingdom, French and German Heads of Government in Paris on the 14th-15th May.

(4) The Summit Meeting would be held in Paris. The period beginning 16th May has been set aside; the termination date is not certain.

(5) The Foreign Ministers of the United States, United Kingdom and France will be available to report to the Permanent Council in Paris on the Summit immediately after its termination.

3. This schedule has been devised to ensure the best possible arrangements for full NATO consultation at the Ministerial level before the Summit takes place and to ensure a report by the participating Foreign Ministers directly to the full NATO membership immediately after the Summit Meeting.

B. *Arrangements for Preparatory Work*

4. A Four-Power Group consisting of the United States Secretary of State and the British, French and German Ambassadors will meet regularly at Washington to co-ordinate the Western positions for the East-West Summit. When disarmament is the subject of discussion in the co-ordinating group the Italian and Canadian Ambassadors will be invited to attend. The North Atlantic Council will receive regular reports on the progress of the preparatory work.

5. Detailed preparatory work will be carried out as follows:

(1) *Germany Including Berlin*: A Four Power Working Group will meet at Washington.

(2) *East/West Relations*: The NATO Council itself is regarded as the principal forum for co-ordinating the views of the membership. In order to provide the closest possible working relationship between this activity and the preparations for the negotiations with the Soviets, there will be established an East-West Relations Working Group in Paris attended by a NATO observer.

6. The Five Power Committee (United States, United Kingdom, France, Italy and Canada) for disarmament preparations will be meeting at Washington beginning January 25th. Its work will also be utilised by the co-ordinating group in preparation of the Western disarmament position for the Summit.

169. DEA/50346-1-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM S-11 Ottawa, January 12, 1960

SECRET. EMERGENCY.

Reference: Our DL-27 of Jan. 12, 1960.

Repeat Washington, Permis New York, London, Paris, Bonn, Geneva, Rome, Hague, Brussels, CCOS (Information).

By Bag from London: Oslo, Copenhagen, Athens, Ankara.

SUMMIT MEETING PREPARATIONS

Our immediately preceding telegram† contains text of a schedule of meetings left with the department by the UK High Commissioner this afternoon. It was reported that this was an agreed document which had been drawn up by the UK, US and France and which would be presented by the NATO Council on January 13 for consideration. Canadian views were sought on proposed arrangements for preparatory work on disarmament whereby when disarmament was the subject of discussion in the Coordinating Group in Washington the Canadian and Italian Ambassadors would be invited to attend.

2. We would not look with favour on arrangements which would constitute formal approval of a system of consultation whereby the three major powers, with Germany, would reach *decisions* on questions of general interest to the Alliance. As for disarmament, the proposals

are unsatisfactory[17] since they bring the five Western members of the Committee under the Coordinating Group. The inclusion of Germany should be questioned.[18]

3. The Italian Ambassador approached the Department this afternoon to outline the worries of his government over the proposed arrangements whereby the preparations of topics of general interest would, by the establishment of the Coordinating Committee, be left in the hands of the Four. On this point our views are set out in the preceding paragraph. We believe that the most acceptable way to overcome the disadvantages of the proposed coordinating arrangements is to assure the effective consultation through the Council.

4. From what we know of the views of the Italians, the Turks and probably others, it should not be necessary for you to take the lead but you should attempt to strengthen the relationship of the Council to the detailed preparatory work to be carried out by the various working groups. We expect that in this you would have the support of the Secretary General.

5. Since we can foresee trouble developing in the Council in respect of paragraph 4 of the Three-Power Paper, we have asked the U.K. High Commissioner here to request his authorities to postpone discussion of this paper until a later meeting of the Council. In any case, you should have a word with your U.S., U.K. and French colleagues with a view to amending paragraphs 4 and 6 of the paper to which we take serious objection.[19] We would suggest that the second sentence of paragraph 4 be replaced by the following "As far as disarmament is concerned, the five Western Powers participating in the Disarmament Committee, who will be reporting regularly to the NATO Council, will have the responsibility for preparing the Western position on disarmament for the Summit." In the circumstances, delete the last sentence of paragraph 4 and all of paragraph 6.

[H.C.] GREEN

170. DEA/50346-1-40

Le sous-secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Under-Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM S-12 Ottawa, January 12, 1960

SECRET. EMERGENCY. OPIMMEDIATE.

Reference: Our Tel S-11 of January 12.

Repeat Washington, Permis New York, London, Paris, Bonn, Geneva, Rome, Hague, Brussels, CCOS (OpImmediate) (Information).

By Bag from London: Oslo, Copenhagen, Athens, Ankara.

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[17] Green a changé « the proposals are reasonably satisfactory » à « proposals are unsatisfactory ».
Green changed "the proposals are reasonably satisfactory" to the "proposals are unsatisfactory."

[18] À l'origine, le passage disait « The inclusion of Germany might be questioned but we would not like to be associated with any move which would appear to be critical of their participation ». Green l'a modifié pour « The inclusion of Germany should be questioned ».
The passage originally read, "The inclusion of Germany might be questioned but we would not like to be associated with any move which would appear to be critical of their participation." Green changed it to "The inclusion of Germany should be questioned."

[19] « [T]o which we take serious objection » a été ajouté par Green.
"[T]o which we take serious objection" was added by Green.

SUMMIT MEETING PREPARATIONS

When Council meets on January 13 please request postponement of consideration of the Three-Power paper. We think this would be wise in view of the objections entertained by ourselves and probably by other members of the Council with respect to some of the proposed arrangements (see paragraph 5 of our telegram S-11). We consider that a delay is essential to permit private discussions to be carried on for the purpose of resolving existing difficulties.

[N.A.] ROBERTSON

171.

DEA/50346-1-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis, le haut-commissaire au Royaume-Uni et l'ambassadeur en France

Secretary of State for External Affairs to Ambassador in United States, High Commissioner in United Kingdom and Ambassador to France

TELEGRAM S-15

Ottawa, January 14, 1960

SECRET. OPIMMEDIATE.

Reference: Our S-11 and our S-12 of Jan 12 and NATO Paris Tel 95 of Jan 15.†

Repeat Permis New York, NATO Paris, Bonn, Rome, Brussels, The Hague, Geneva, CCOS (OpImmediate) (Information).

By Bag from London: Oslo, Copenhagen, Athens, Ankara.

SUMMIT MEETING PREPARATIONS

I would like the missions in London, Washington and Paris to speak at a suitably high level to explain the basis of our criticism of the proposed arrangements for Summit preparations. I wish this to be handled on a bilateral basis with the three major powers and thus to avoid if possible the divisive effects of an open proposal to the NATO Council to exclude Germany from the Coordinating Committee. Please make it clear that while we would continue to object, as we have consistently, to any formal approval being exacted from members of the Alliance to arrangements which would have the effect of establishing a special position for some members in relation to questions of general interest, we are also concerned with the need to maintain efficient and secure arrangements for consultation and preparation. I believe that the suggestions made in the Three-Power paper can be amended to achieve both these objectives.

2. The special position of the Three Western Powers who will attend the Summit Meeting is recognized but Canada has always insisted the other members of the Alliance should be fully consulted on a basis of equality on policy questions of general concern. Subject to this consultation we would, therefore, have no objection to the adoption by them of some Three-Power consultative arrangements to prepare for the Summit Meeting. But we do object to the addition of a non-negotiating power to the proposed coordinating group.[20]

3. Canada has also recognized the special entitlement of Germany to be included in the consultations on questions of Berlin and Germany.

[20] Cette phrase a été ajouté par Green./This sentence was added by Green.

4. As I made clear in Paris, I believe that the Five Western Powers on the Disarmament Committee are the proper group to prepare the Western position for the disarmament discussions.[21] This was recognized in practice in Paris by holding the meeting of the five foreign ministers on whose behalf Mr. Pella subsequently reported to Council. I continue to hold the view that this is the proper way for disarmament preparations to be carried out, whether for the Ten-Power Meeting or for the Summit. The fact that the three negotiating powers are members of the committee should remove any objections and make unnecessary a review of the preparatory work of the Five-Power Working Group by any Summit Steering Committee.

5. It is our belief that arrangements of this kind can be justified on the ground that those members of the Alliance who have special interests or responsibilities are associated with the preparatory work. This is both reasonable and efficient and avoids any question of according a special status arbitrarily to any of the non-negotiating powers. Effective consultation with the Council would continue to be the indispensable requirement of satisfactory preparations.

6. It might be well to recall that when the question of Summit preparations was under discussion in the Council on December 22 I stated the Canadian views quite clearly in these terms:

"The Nations of the Alliance apart from the Big Three, I believe, have every reason to insist that this Alliance must be an Alliance of equals and that there must be complete and adequate consultation ..."[22]

[H.C.] GREEN

172. DEA/50346-1-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM S-20 Ottawa, January 18, 1960

SECRET. OPIMMEDIATE.

Reference: Our Tel S-15 Jan 14.

Repeat Washington, Paris, NATO Paris.

Repeat Bonn, Permis New York, Rome, Brussels, Hague, Geneva, CCOS (Information).

By Bag Oslo, Copenhagen, Athens, Ankara from London.

SUMMIT PREPARATIONS

Initial reactions in London and Washington to our criticisms of Three-Power paper have suggested two additional points which might be made directly in the three capitals or in the Council on Wednesday should the subject be discussed.

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[21] Voir/See Volume 26, document 114.

[22] Pour le compte rendu d'une réunion tenue avec les représentants américains à Washington le 15 janvier, voir *Foreign Relations of the United States 1958-1960, Volume IX* (Washington: United States Government Printing Office, 1993), document 67.
For the record of a meeting held on January 15 with American officials in Washington, see *Foreign Relations of the United States 1958-1960, Volume IX* (Washington: United States Government Printing Office, 1993), document 67.

2. The historical explanation for the inclusion of a non-negotiating power in the committee structure to share responsibility for coordination, including general questions, brings out one of the very dangers which are at the basis of our reservations about the proposals. Last spring the East-West consultations in prospect were concerned largely with Berlin and Germany, other issues arising generally because of their consequential connection with these two problems. Now the forthcoming East-West Conference has a very different seating as described in the letters of invitation from the three major powers to Premier Khrushchev in December.[23] It is this fact which makes it difficult for us to accept that arrangements which were justified in 1959 should be repeated in the new and different situation with the resulting consolidation of a precedent which is damaging to the essential equality of membership in the Alliance.

3. There is a suggestion that Council approval for the establishment of a Three-Power Steering Committee might encounter the objection that it was a step in the direction of accepting the controversial proposals which General de Gaulle put forward in 1958.[24] It has consistently been the Canadian view that this is not repeat not the way to meet this difficulty. Full consultation on the basis of equality within the Alliance is in our judgment the only effective way to reduce the concern about the possible development of a political directorate. The possibility that Council approval for the establishment of a Three-Power coordinating committee might be interpreted as consolidating a trend in that direction could be minimized by making it clear that the Three Powers members of the Coordinating Group owe their qualification to the fact that they are in this particular instance to be the negotiating powers and moreover that their responsibility for determining tactics and procedures for the negotiations do not repeat not amount to a mandate in the field of political decision on topics of general interest to the Alliance.

4. Since meetings of Mr. Herter with the three ambassadors have already taken place it would probably prove difficult to try at this stage to establish a Three-Power coordinating committee in a formal way. Instead we are attracted by the suggestion made to USA by UK, and mentioned to Mr. Drew by Hoyer Millar, that coordinating arrangements be carried out as necessary without the formality of establishing a coordinating group. It is of course essential that in preparation for the negotiations the Three Powers should have a good deals of consultation and that since Germany and Berlin will assume the central focus of Summit discussions consultations by the Three with Germany must also be frequent and penetrating. The Disarmament Working Group made up of the Five would simply report to their respective governments and to the Council of NATO. On Germany and Berlin Four-Power consultation including Germany would be conducted in the regular way. The Working Groups on East-West contacts would simply report through the NATO Council with which they will be closely associated. In this way the Three Powers would obtain direct info from their own representatives on Working Groups and would get NATO views from the examination by the Council of the Working Group reports.

5. In practical terms this procedure would not repeat not lessen the effectiveness of Summit Meeting preparations and it would have the advantage of not repeat not damaging the principles to which we have referred in our previous telegrams.

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[23] Voir/See *Documents on International Affairs 1959* (London: Oxford University Press/Royal Institute of International Affairs, 1963), pp. 86-88.

[24] Voir volume 24, 8e partie./See Volume 24, Part 8.

173. DEA/50346-1-40

L'ambassadeur en République fédérale d'Allemagne
au secrétaire d'État aux Affaires extérieures

Ambassador in Federal Republic of Germany
to Secretary of State for External Affairs

TELEGRAM 25 Bonn, January 20, 1960

SECRET. OPIMMEDIATE.

Reference: Your S-17 Jan 15.†

Repeat Washington, Permis New York, London, Paris, NATO Paris, Rome, Brussels, Hague, Geneva, CCOS Ottawa from Ottawa (Information).

By Bag Oslo, Copenhagen, Athens, Ankara from London.

SUMMIT MEETING PREPARATIONS

I thought it safer to take the initiative in speaking to the German Foreign Office about the Canadian concern over arrangements for the Coordinating Committee in Washington than to run the risk that the Germans might receive garbled accounts of our position through one of the three nations we have consulted. I therefore called on January 19 on Carstens who is in charge in the Foreign Office of coordinating the German preparations for the Summit Meeting.

2. I begin by referring to my last call on him on November 27, 1959 when I had discussed with him our concern about the possible effects on NATO of proposals for increased political consultation among the Six. At that time I had left with him your statement to the NATO Council of October 28.[25] I reminded him of what you had said then. I also referred to your statement in the Council on December 22.[26] I emphasized that we recognized fully the special position of Germany with reference to the item on the Summit agenda on Germany and Berlin. Our Prime Minister had expressed to General de Gaulle over a year ago the firm opposition of Canada to a tripartite political directorate.[27] We were equally opposed to developments which might lead to a quadripartite political directorate.

3. Carstens thanked me for having taken the initiative in explaining the Canadian position. He then launched on an exposition of the German position.

4. The thesis he advanced was that all the three subjects on the Summit agenda were linked and that the only way in which Germany could protect its special position (which we recognized) on the item on Germany and Berlin was by sitting on the Four-Power Coordinating Group. The main reason the three items were indissolubly linked was that there would be strong pressures on the Western Powers to come to some result at the Summit and if it looked as if no repeat no agreement were possible on two of the items pressures would develop to make concessions on the third item and that third item might be Germany and Berlin. Another way in which the three items were linked was in the bargaining which might take place at the Summit Conference by which a concession by one side on one item might be balanced by a concession by the other side on another item.

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[25] Voir « L'opinion canadienne sur l'OTAN », *Affaires Extérieures*, vol. 11, n° 12 (décembre 1959), pp. 392 à 395.
See "NATO Today — The Canadian View," *External Affairs*, Vol. 11, No. 12 (December 1959), pp. 388-89.

[26] Voir/See Volume 26, document 114, p. 265.

[27] Voir/See Volume 24, document 295.

5. The normal procedure was for the defeated power to be present in discussions of a peace settlement. If it were not repeat not for the existence of the DDR the Federal Republic of Germany would be represented at the Summit in the discussions on Germany and Berlin. This inability to be a participant at the Summit put Germany in a unique position.

6. It was therefore of vital importance to Germany to sit on the Coordinating Group.

7. Carstens added that the Four-Power Coordinating Group in Washington was not repeat not to be a Steering Committee but a Committee to coordinate views which would be submitted to the NATO Council before final decisions were taken. Germany agreed with Canada that the NATO Council must be the main group in the discussion of issues on the Summit agenda.

8. Moreover, as they had already explained to the Italians, the Four-Power Coordinating Group would have Canada and Italy added to it when it discussed disarmament questions.

9. Another point he made was that Germany was not repeat not asking to be made a member of each of the three main working groups under the Coordinating Group. The only working group it insisted on participating in was the one on Germany and Berlin. They did not repeat not ask to be a member of the Working Group on East-West relations or that on disarmament. Germany might of course sit on one or more of the sub-committees of the Working Group on East-West relations.

10. He asked me to transmit these views to you and he hoped that they would be given sympathetic consideration.

11. I said I would immediately transmit to you in full this most interesting exposition of the German position. I knew you would examine carefully the possibilities of finding some solution to the special German difficulties. I would however be lacking in frankness if I were to leave him with the impression that I believed you would withdraw your opposition to a Four-Power Coordinating Committee on all the items on the agenda of the Summit Meeting. The Soviet and Western governments were now committed to a series of Summit Meetings. The precedent set in the preparation for the first meeting was therefore important. We were concerned lest a Four-Power Coordinating Committee might become a Four-Power Western Directorate. We knew that Germany had been opposed to General de Gaulle's proposals for a Three-Power directorate. I was sure that the German objections would not repeat not be removed by a change from three to four powers.

12. I am leaving on January 22 for a week in Berlin and will be paying a visit to Mr. Pierce in Brussels at the beginning of the following week, returning to Bonn in February 3. Perhaps shortly after my return to Bonn it might be possible for you to send me a message on which I could base a further talk with Carstens.

13. Might we not repeat not soften the effect on the Germans of our opposition to their claim for membership on a Four-Power Coordinating Group if we were to tell them that we recognize that they have a special position in the framing of Western proposals on disarmament because Germany will soon be militarily the third strongest member of the Western Alliance and would have been an obvious choice for membership on a Ten-Power UN Commission if it had not repeat not been the USSR from being a member of the UN [sic].

[ESCOTT] REID

174. DEA/50346-1-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 260 Paris, January 29, 1960

SECRET. OPIMMEDIATE.

Reference: Rome Tel 31 Jan 27† and London Tel 238 Jan 27.†

Repeat London, Paris, Washington, Rome, Bonn (OpImmediate), Geneva, Permis New York, Brussels, Hague (Information).

By Bag Oslo, Copenhagen, Athens, Ankara from London.

SUMMIT PREPARATIONS, DISARMAMENT AND NATO

Council meeting February 3 may be important. As you will recall, USA, UK and French delegates have so far refrained from telling Council what their governments have in mind with regard to a coordinating committee for Summit preparations, and its relationships with working groups and the Council. For this reason, only the Italians have so far attacked proposal in Council, although the plan is generally known in NATO. Turks and Belgians have been ready to attack but have refrained until they see what can be arranged between the Three and Germans. Meanwhile reports of a German-Italian deal may lead others to press their claims to participation in one form or another. The Three must therefore clarify their position soon.

2. In wake of Chancellor Adenauer's visit to Rome, it is now becoming clearer what German and Italian governments want and how they think they can help each other to achieve their objectives in summitry. At the same time as we had suspected from our talks with USA, UK and French delegates here, these three have come to conclusion that if they include Germany on a coordinating committee amounting to a directorate for Western Summit preparations in all fields, there will be trouble in NATO which may have serious ramifications in several areas of Western policy.

3. Many of these difficulties could have been avoided, and probably still can be avoided, if Western negotiating powers convince the other members of Alliance that they are really being consulted. There is no repeat no special virtue in NATO Council as such, but it is the logical forum for such consultations at [document déchiré/torn] trouble about general assurances, which were given in very satisfactory terms last month at Ministerial Meeting, is that too many decisions in recent months have in fact been taken by the Three or the Four without wider consultation.

4. In these circumstances I would appreciate your instructions before February 3 Council Meeting and more specifically whether you would agree that I should take a position on following lines:

(a) All three working groups (Germany and Berlin, Disarmament, and East-West relations) are equal before Council and report to Council direct. (This is not repeat not of course the same thing as accepting Turkish thesis that working groups are in effect dependencies of Council. This is an extreme position and has little support or, in our opinion, justification.)

(b) Working groups report in parallel (i.e. at the same time) to national governments represented and to Council. No repeat no decision will be taken by negotiating governments before Council has been consulted. (This is the position agreed during ministerial meeting last month as a result of Mr. Averoff's intervention.)

(c) Any working group should have the right to request joint meetings on an ad hoc basis with any other working group in cases where their interests appear to overlap. If working groups are physically separated (e.g. Washington and Geneva) such a joint meeting could take place in Washington with ambassadors concerned, but there is no repeat no need for these arrangements to be institutionalized.

(d) There would be no repeat no objection to UK, French and German ambassadors in Washington constituting, with Mr. Herter, an ad hoc coordinating group provided it were understood that they were to be concerned with coordination of tactics and procedures in preparation of future negotiations with Soviets on Germany and Berlin (your telegram S-20 January 18). It would of course be assumed that this group would, like the others, consult with NATO Council as appropriate, although it would be recognized that it would be inappropriate for Council to become too directly involved in negotiating tactics.

5. We see no repeat no immediate need to discuss in NATO the pattern of pre-summit ministerial meetings following NATO Ministerial Meeting in Istanbul, but if those concerned agreed to a framework of relationships such as that suggested in previous paragraph, it would probably follow that some form of ministerial consultation could take place before May 16 Summit Meeting involving for their respective subjects, ministers of all countries taking part in working groups. These ministerial consultations will obviously cause less difficulty in NATO if some national procedure has been agreed upon in advance which would provide an objective reason for turning down requests from other NATO countries who might like to participate in the more restricted pre-summit ministerial meetings.

175. DEA/50346-1-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM S-42 Ottawa, February 2, 1960

SECRET. OPIMMEDIATE.

Reference: Washington DC Tel 183 Jan 28† and NATO 260 Jan 29.

Repeat London, Paris, Washington, Permis New York, Bonn, Rome, Brussels, Hague, Geneva, CCOS (Information).

By Bag Oslo, Copenhagen, Athens, Ankara from London.

SUMMIT PREPARATIONS

On the basis of the two useful reference telegrams I think policies can be adopted which will help NATO to move forward from its present procedural impasse and will facilitate Summit meeting preparations.

2. I approve the position you propose in sub-paragraphs (a), (b) and (c) of paragraph 4. of your telegram 260 January 29.

3. As to paragraph (d), I would prefer to see the coordinating group idea disappear altogether but I realize that the three negotiating powers are in a difficult position since some meetings have taken place and since the Germans are sensitive about the bargaining position on Berlin. If the question of the coordinating group comes up you could inform the Council that we realize that the questions of Germany and Berlin will probably again play a central part in the East-West meeting and could live with an arrangement whereby the tactics and procedures for

negotiation with the Soviet Union on these questions would be coordinated by having the Working Group meet as needed at the level of ambassadors with Mr. Herter.

4. I am interested in the prospect you mention of some form of ministerial consultation based on working group membership taking place before the Summit Meeting. I can see merit in such a procedure but do not repeat not wish to come to a decision until the possibility is raised in definite form.

[H.C.] GREEN

176. DEA/50346-1-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 250 Washington, February 4, 1960

SECRET. OPIMMEDIATE. PRIORITY.

Reference: Your Tel S-42 Feb 2 to NATO Paris.

Repeat London, Paris, NATO Paris, Permis New York (Priority), Bonn, Rome (Priority), Brussels, Hague, Geneva from Ottawa, CCOS Ottawa from Ottawa (Information).

By Bag Oslo, Copenhagen, Athens, Ankara from London.

SUMMIT PREPARATIONS

In view of our earlier discussions with the State Department on the procedures for Summit preparations, when seeing Ivan White and later Fessenden on other matters yesterday, we drew attention to the three points outlined in subparagraphs 4(a) (b) and (c) of NATO Telegram 260 January 29. We did not repeat not, however, make any comments beyond those previously made with respect to our views on a Four Power Coordinating Group. White said that he hoped to hear later in the day that the proposal for a Four Power Coordinating Group would be dropped; he later confirmed this, adding that it had only been dropped after considerable discussion with the Germans. White also expressed interest in considering some formula for ad hoc joint sessions of particular preparatory groups should this seem desirable.

2. This morning we saw Hillenbrand, the Head of the State Department's German office, to enquire about progress on the working group dealing with Germany and Berlin. Only one or two preliminary meetings had been held staffed by the State Department and the local embassies concerned. It was unlikely that experts would participate until perhaps some time in April. Hillenbrand said that while the disarmament group was taking a new look at the overall Western disarmament position, in the case of the preparations for a Summit discussion of Germany and Berlin, a great deal of the ground work both with respect to the overall Western plan and Berlin proposals had already been done last year. These proposals would, of course, be reviewed, and papers on various peripheral subjects would be prepared, but Hillenbrand thought it would not repeat not be realistic to expect radical departures from existing positions. He referred to the public debate which had taken place in the German Press, and in reply to our question, said that it was not repeat not yet clear to what extent the Bonn government subscribed to previous Four Power positions particularly with reference to a *modus vivendi* for Berlin. The positions of the various governments would only become clear as work proceeded.

3. Hillenbrand thought that part of the German difficulty at any rate arose from the fact that the German authorities consider that the Western proposals on Berlin represented a point beyond which they could not repeat not go, and this gave rise to tactical problems of how the

related questions of Germany and Berlin should be taken up with the Russians. Hillenbrand said that he looked to the Ten Power talks on disarmament as providing some clue, beyond Khrushchev's repeated statements, as to Soviet intentions.

4. Hillenbrand said he would be glad to keep in touch with us from time to time as the work of the four proceeded, but indicated that we should not repeat not look for early conclusions.

5. With regard to the problem of a Four Power Coordinating Group, he said that the question had become one of prestige for the Germans, but that personally he had been happy to see this proposal dropped.

177. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 56-60 [Ottawa], February 22, 1960
CONFIDENTIAL

EAST – WEST CONTACTS: REPLY TO NATO

In preparation for the summit meeting in May, the NATO Council is carrying out an examination of the experience of member governments in their contacts with the Soviet Union and the Soviet bloc countries. A questionnaire has been sent to member governments. Apart from detailed replies to the questions, which are in the course of preparation, it is proposed to submit on behalf of the Canadian Government a general statement of our experience.

2. In the field of East-West contacts a number of other NATO countries have considerably expanded their relations with the Soviet Union and other countries in the Soviet bloc. The United States, United Kingdom and French Governments have gone furthest in developing contacts. United States activities include exchanges of visits by the President and Premier Khrushchev, Vice-President Nixon and Vice-Premier Koslov, governors of states and premiers of the Soviet republics, many technical and cultural exchanges, exchanges of students, national fairs in New York and Moscow, and prestige periodicals. The United Kingdom has taken the lead in the matter of exchanges of leaders, Khrushchev and Bulganin's visit to Great Britain in 1956 being their first to a NATO country and Prime Minister Macmillan's in 1959 being the visit which initiated the recent reduction in tension. Apart from this, there have been numerous student and technical exchanges and many business and personal visits. The most important initiative by France has been President de Gaulle's invitation to Premier Khrushchev. Among visits by other Western government leaders, the most notable have been those of President Gronchi (the first Western head of state to go to the Soviet Union), Chancellor Adenauer, Premier Hansen of Denmark, and the exchanges of visits between the Norwegian and Polish Foreign Ministers.

3. The major Western governments, including the United States, United Kingdom, France, Germany, Italy and Norway have all found it advantageous and efficient to negotiate cultural agreements with the Soviet Union as a means of controlling exchanges and improving their bargaining position. These governments have also demonstrated the importance which they attach to exchanges by providing funds to facilitate them.

4. Since our Delegation will be expected to give some indication of the general policy which the Canadian Government can be expected to follow in future, I wish to submit for approval the attached memorandum which reviews the policy which the Government has followed to

date and indicates in very general terms the lines along which I suggest the Government might best work in the future.

H.C. GREEN

[PIÈCE JOINTE/ENCLOSURE]

Appendice

Appendix

CONFIDENTIAL [Ottawa], February 22, 1960

CANADIAN POLICY ON EAST – WEST CONTACTS

Background

Soon after Stalin's death in 1953 the Soviet Union adopted a new policy on contacts with the West. Whereas formerly the Soviet leaders, including Stalin, rarely travelled abroad, after 1954 they began to do so. Movement between East and West grew also at other levels — scientific, cultural, and to some extent tourist. At the Geneva heads of government conference in 1955 the Soviet leaders confirmed their new policy, and visits between Soviet bloc and Western countries expanded rapidly.

2. The Canadian Government, like most other Western governments, decided that although there were certain risks involved in contacts with the Soviet bloc, on the whole Canada had much to gain from them. Canada knew relatively little about condition in the Soviet bloc, whereas Soviet bloc countries had easy access to public information about Canada. Canada therefore stood to gain from any programme of exchanges where balance was preserved. Moreover, visits in either direction could contribute to breaking down Soviet misconceptions about Canada and the West generally. Canada therefore adopted a policy of permitting a modest number of exchanges with Soviet bloc countries. Sufficient control was maintained, however, to ensure that the exchanges remained in approximate balance. Under this system, there took place during 1955 and 1956 some official exchanges and also exchanges in cultural, technical and other fields. These continued until October 1956, when suppression of the Hungarian uprising by Soviet troops led Canada and other Western countries to defer all plans for exchanges of visits with the USSR.

3. Along with other NATO countries Canada agreed to a cautious resumption of exchanges in 1957. By mid-1958 exchanges of all kinds were again taking place. In some fields these were more frequent than before, although in total number and scope still somewhat limited.

Present Situation

4. Although the Canadian Government has kept under careful review the problem of contacts with the Soviet bloc, there has been little change in policy and practice relating to them. In June 1958 the Government adopted a somewhat revised policy for exchanges, under which they were to be broadly reciprocal, limited in number, of benefit to Canada, and not employing communist organizations in Canada as hosts.[28] An inter-departmental visits panel, which from 1956 onwards had been responsible for maintaining a degree of government control and supervision over exchanges, was continued.

5. In implementing this policy the Canadian Government submitted to the Soviet authorities in August 1958 a programme of official exchanges and also gave some encouragement to private visits. In this and other ways the Canadian Government has endeavoured to match the

[28] Voir volume 24, chapitre IV, 3e partie./See Volume 24, Chapter IV, Part 3.

Soviet willingness to develop exchanges. The Soviet Government, however, was slow in responding to the comprehensive suggestions that were put forward, and in the end refused to accept them. While they showed interest in scientific exchanges, they apparently decided that the Canadian proposals carried with them excessive security risks. For example, they categorically rejected proposals for exchanges relating to northern development in both countries. Despite this, however, the National Research Council, a Canadian Government agency, reached an understanding with the Soviet Academy of Sciences for an exchange of scientific personnel. Some visits of senior government officials have taken place in both directions in such fields as fisheries, meteorology and agriculture.

Special Problems

6. A special problem has arisen in that Soviet authorities have avoided official relationships in exchanges and instead have promoted exchanges with private Canadian groups and individuals in spheres of interest to them. Because the Canadian Government does not restrict travel abroad, it has not exercised any system of control on such exchange arrangements. Furthermore, Canada's federal structure makes for difficulty in arranging exchanges which involve private Canadians. The situation is further complicated by the lack of distinction on the Soviet side between official and private exchanges.

Assessment of Results

7. *Personal Exchanges*. Canadian experience has shown that personal contacts of all kinds, including tourism, education exchanges and visits of scientists, are advantageous to the West because of their influence on people in the countries concerned. Their effectiveness is confirmed by the fact that such exchanges are normally resisted by Soviet bloc authorities, despite what they say to the contrary, unless there are strong compensating advantages. The influence of personal contacts is exerted in several ways. First, they help to fill gaps in the knowledge which ordinary Soviet people have of the West, gaps created mainly by a lack of reliable information and by the tendency of the ordinary Russian not to believe much of what is printed about the West in Soviet newspapers. Russians are inquisitive where Westerners are concerned, and are disposed to believe what Westerners tell them. What they see in Western countries is even more effective than what they hear from Western visitors. Furthermore, since many Russians seriously accept such basic Marxist concepts as the inevitable decline of capitalism and the decadence of the West, discussions with Westerners and first hand impressions of Western countries help to shake these beliefs, and to allay suspicions held by the ruling classes and, to some extent, by ordinary people that the West has aggressive intentions. Finally, they serve to make Soviet citizens aware of the disparity between their own standard of living and degree of political freedom and those of most Western countries. In this way there is some strengthening in the slight pressure which Soviet public opinion can exert on the Soviet Government for improved material conditions and greater freedom.

8. *Technical Exchanges*. There have been advantages to both sides in Soviet-Canadian exchange visits in the technical field. The benefits have probably been somewhat greater for the Soviet side since in many industrial fields they are not as far advanced as Canada. At the same time, Canadian technical specialists have acquired useful information about certain techniques developed by the Russians. In addition, of course, such exchanges often result in close personal contacts, with the consequent advantages described above.

9. *Artistic Exchanges*. The Russians have devoted great attention and expenditure to arrangements for presentation in Canada of performances by artistic groups and individuals. Because the Soviet Union has a large population with a long artistic tradition, and is willing to use state funds to arrange performances abroad, it is able to send to Canada a more impressive array of performers than Canada can send back. There is no doubt that such famous Soviet

groups as the Bolshoi Ballet and the Moiseyev dancers make a strong impact on Canadian public opinion, whereas Canadian performers in the Soviet Union, although they have been acclaimed by audiences, do not become widely known. For these reasons artistic exchanges between the Soviet Union and Canada are usually to the advantage of the Soviet Union. It is considered important, however, to continue with some exchanges in this field in order to develop broad arrangements which will include other visits which Canada regards as advantageous.

10. *Exchanges of Information.* Through private connections, often facilitated by both governments, a good deal of trading of technical information is taking place in science, education and industry. Such exchanges, if reciprocal, are useful to both sides technically and often lead to important personal contacts. It is evident that if an effective means could be found to spread information about Canada in the Soviet Union, a large and receptive audience would be available. Most Russians are eager for accurate and detailed information about life in the West. Soviet information activities in Canada, while free of restriction, are thought to be relatively ineffective because of their heavy weight of blunt propaganda, and their inappropriateness for Canadian interests. Western countries stand to gain by almost any exchange of information, but the barriers raised by the Soviet Union to the influx of ideas narrowly limit what can be done.

Future Policy

11. With an improved international atmosphere and with the example of visits by government leaders, as well as of summit meeting discussions, there is certain to be steadily increasing pressure, not only from communist governments but also from people in the West, for increased contacts. It is realized that the Soviet bloc countries drive a hard bargain in avoiding the kind of exchanges they dislike and insisting upon those exchanges which are of the greatest advantage to themselves. It is, however, important for NATO countries to meet this challenge and to develop policies and practices through which they can both guard against one-sided arrangements which are chiefly to the gain of the communist countries and adopt methods which will permit the greatest possible influence to be exerted upon the people of the communist nations.

12. The Canadian Government, having reviewed recent experience in its relations with the Soviet Union and other member countries of the Soviet bloc, has come to the conclusion that while certain disadvantages and risks are involved, there is much to be gained by NATO countries in expanding the programme of exchanges with the Soviet bloc. More particularly, the Government intends to take advantage of opportunities to increase exchanges, with special emphasis on those which bring about personal knowledge by Soviet citizens of Canada and Canadians. Likewise, appropriate information media will be exploited in such a way as to increase the knowledge by Soviet citizens of Canada. The Government has decided that in the event that a trade agreement should be signed with the Soviet Union, a minister should visit Moscow to sign the agreement.[29] In view of the experience of other NATO governments in the matter of exchanges of visits by senior government leaders this seems an appropriate way of expanding contacts.

13. Finally, despite constitutional and other difficulties, the Canadian Government is at present examining the implications of a possible cultural agreement with the Soviet Union along the lines already followed by several other NATO governments.[30] Such agreements appear to provide a framework within which further development of exchanges can take place

[29] Voir/See document 504.

[30] Voir volume 26, chapitre V, 4e partie./See Volume 26, Chapter V, Part 4.

and a greater degree of control can be exercised to improve the Western bargaining position and maintain a proper balance of benefit on both sides.[31]

178. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 103-60 [Ottawa], March 16, 1960
CONFIDENTIAL

NATO SUMMIT PREPARATIONS — EAST-WEST TRADE

In connection with NATO preparations for the Summit meeting in May, we have been asked by the Secretary-General of NATO to answer a questionnaire which includes a substantial section on possible economic relations between Western countries and the Soviet bloc. The first two economic questions are:

(a) Should the countries of the West propose at the forthcoming summit meeting discussion of the economic relations between East and West, with special reference to trade?

(b) Should the Western countries not take the initiative in this matter, would it nevertheless be desirable to discuss these questions on a proposal by the Soviet Union?

In addition there are a number of detailed points on particular problems that might arise in East-West trade, such as possible credits, etc,. These detailed points seem to have been selected arbitrarily and do not include the important question of possible use by the Soviet Union of disruptive trade practices to further export sales.

The immediate question to be answered is whether we should encourage Heads of Government of the United States, the United Kingdom and France to discuss East-West trade with the U.S.S.R. at the Summit meeting in May and, if so, how far they should try to go in such discussion, and what line it would be in our interests for them to take.

In a short Summit meeting there would certainly be little time to devote to trade matters, and the exchanges would probably be limited to a few broad generalizations reflected perhaps in a passage in a communiqué. In any event this would not be an appropriate forum for a detailed examination of trade matters, first because governments would normally be represented for trade talks by Ministers other than Heads of Government and, second, the group is much too small and unrepresentative. Any substantial discussions on East-West trade would be of great and direct concern to Canada, and if they are to be held, the Canadian Government must be one of the participants. It would therefore be preferable not to comment on the points of detail at this stage and to make it clear that if substantive East-West trade discussions are to be pursued this must be in a broader group with Canadian participation.

The remaining problem is to give Canada's reply on the question whether there should be any trade item on the Summit agenda. Here there are several basic considerations:

(a) The effort to reach peaceful settlements of some of the main outstanding problems between the Soviet bloc and the West can hardly be reconciled with a refusal to accept growing East-West trade relations. If we hope to move towards agreement on such questions as disarmament, it would seem that we should also be prepared for more normal trade

[31] Approuvé par le Cabinet le 1er mars 1960./Approved by Cabinet on March 1, 1960.

relations. Indeed closer and mutually beneficial trade relations could over time make a positive contribution to the relaxation of East-West tension. Moreover, greater Soviet dependence on international trade could be a factor of advantage to the West to the extent it represented a limitation on the freedom of action of the Soviet authorities.

(b) There is growing Soviet bloc participation in world trade and with the growth of the Soviet economy, further trade between the East and West will inevitably develop. Many of our Western trading partners, including the United Kingdom and France, have already concluded bilateral agreements with the Soviet Union designed to strengthen their trading relations and increase trade. Canada is presently negotiating a new agreement with the Soviet Union looking to an expansion of trade in both directions.

(c) Owing to the similarity of Canadian and Soviet export products, greater Soviet bloc participation in world trade may well cause difficulties for certain Canadian exports, and may tend to bring down world market prices for some of them.

From the above it would appear that greater U.S.S.R. participation in world trade is bound to occur and that from the point of view of the West as a whole, such a development may not be without advantage. On the other hand, Canadian export interests could be affected adversely. It will be important therefore to ensure that trade relations between the U.S.S.R. and Western countries are developed on an orderly basis, including arrangements to deal with disruptive U.S.S.R. marketing practices should these arise.

The conclusion which seems to emerge is that if the U.S.S.R. wishes to have an item on trade on the Summit agenda, the Western powers should not refuse. They could refer in general terms to the need for orderly and mutually advantageous trade relations between the U.S.S.R. and the West. They should indicate quite clearly that the Western countries will not tolerate disruptive trade practices in their markets. This could provide the basis for a further discussion of a substantive nature at a later stage and in a larger forum including Canada.

One problem which the Western leaders would have to think about before discussing trade with the Russians at the Summit is the matter of strategic restrictions. When the U.S.S.R. speaks about "normalizing trade" what they have in mind is almost always the elimination of the COCOM restrictions on strategic goods. Presumably the Western leaders would have to make it clear that they intend to continue controls which are required for strategic purposes while pointing out, perhaps, that they had been very much modified and do not affect a large range of commodities in which trade is possible.

In view of Canada's mixed interests in this whole question, it would hardly seem appropriate from our point of view to recommend to the Western powers to take the initiative in proposing a Summit agenda item on East-West trade.

It is therefore recommended that Canada answer the NATO enquiry in the sense of this memorandum, i.e., that the West should agree to a preliminary discussion in broad terms of East-West trade if the U.S.S.R. should propose it. In such a discussion the Western leaders should stress the desirability of developing East-West trade on an orderly and sensible basis and the need for the U.S.S.R. to avoid disruptive selling practices. If it should appear, following the Summit meeting, that further discussion of East-West trade of a substantive nature should be desirable, it should be arranged to be held in a forum in which countries with such direct interest as Canada would be full participants.[32]

H.C. GREEN

[32] Approuvé par le Cabinet le 1er avril 1960./Approved by Cabinet on April 1, 1960.

179. DEA/50346-1-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], April 11, 1960

PROPOSALS FOR A POSSIBLE "CODE OF CO-EXISTENCE"

The NATO Council and its Working Group on East-West relations have been considering the possibility of submitting at the Summit Meeting a statement of general principles to govern relations between states. It has been suggested that such a statement would offer the West an opportunity to take a more progressive stand than the Soviet Union by proposing that the concept of co-existence be extended to one of co-operation which might be applicable in many fields, including foreign aid.

At its meetings on March 24 and March 30, the Council discussed two proposed drafts of a statement along these lines. One of these, prepared by Mr. Spaak, was essentially a declaration which set forth conditions which would permit maximum progress towards the pacific settlement of disputes through negotiation and which defined the principles the Western countries intended to follow in relations with other nations. The other draft, prepared by the Working Group, was based on the premise that the West should point out the inadequacies and limitations of the Soviet concept of co-existence and that true peace could result only from the substitution of a broader and richer notion of mutual comprehension and co-operation.

In these discussions doubts were expressed about the advisability of taking the kind of declaration envisaged in the two drafts to the Summit. There was general agreement that to attempt to reach agreement with the Soviet Union on a declaration of principles would expose the West to a variety of risks without offering much hope of genuine acceptance by the Soviets. There was support, however, for trying to make limited progress in achieving some sort of code of good conduct to be applicable during the proposed series of Summit meetings. It was agreed, moreover, that while the decision to use any draft code would, of course, depend on the circumstances at the Summit, a draft ought to be ready in case it was needed.

Both the United Kingdom and France have been giving some thought to the form which such a "Code of Co-existence," to use Mr. Selwyn Lloyd's term, might take. Mr. Lloyd is known to be considering various ideas under this general heading, all of which presumably are designed to obtain from the Soviet Union a recognition that peaceful co-existence in a period of détente should mean something more than the mere continuation of the struggle between East and West by every possible means short of war. France has suggested that the proposed code should include agreements on aid to under-developed countries, non-intervention by the Great Powers in the internal affairs of other countries and restraint on the part of the Great Powers in the sale of arms to neutrals. The French, we are informed, have submitted a draft declaration to the Working Group under three general headings: Tolerance, Co-operation and Liberty. It is expected that the Foreign Ministers meeting in Washington on East-West relations may work out a directive for the preparation of a final draft code comprising the best of the British and French ideas as well as those expressed in the NATO Council by Mr. Spaak and the representatives of other members.

SUGGESTED CANADIAN ATTITUDE

There has not so far been a requirement for Canada to formulate a final policy on this proposal. It is possible, however, that it will come up in your informal discussions in

Washington, and it will of course be an important topic at the Ministerial Meeting in Istanbul.[33] I have therefore been giving some thought to the attitude Canada might usefully adopt. I would agree with Mr. Léger's comment in the NATO Council that it is to be hoped that the communiqué issued at the conclusion of the Summit Meeting will announce agreement at least to hold a further Summit Meeting, and with his suggestion that if this is the case an agreement on certain principles of conduct during the series of Summit Meetings would be desirable.

The West should be wary, however, I think, of a specific and detailed code which would amount to drawing lines over which the powers should not step. It would be unhelpful and perhaps even dangerous to seek for rules which could only have different and contradictory meanings for East and West. Any suggested Four-Power code should, therefore, be concerned more with concrete principles of action than with abstract concepts. The essential aim of the West should be, I think, to bring the Soviet Union as far as possible towards a concept of co-operation, with the minimum cold war content, as opposed to a concept of mere "co-existence."

If, however, the Summit Meeting should fail to the extent that agreement is not reached even on the convening of a further Summit Meeting, the West might best consider, as has already been suggested in the NATO Council, the issuance of a more general declaration of principles of its own. This possibility should be considered especially, I think, in the event that Khrushchev takes the lead in submitting a declaration of Soviet principles. It would then be to the West's advantage to offer a corresponding statement of its views largely in the expectation that the two would cancel each other, and the Three-Power draft already discussed in the Council would provide a satisfactory statement of the Western approach.[34]

N.A. R[OBERTSON]

180. DEA/50346-1-40

L'ambassadeur en Union soviétique
au secrétaire d'État aux Affaires extérieures

Ambassador in Soviet Union
to Secretary of State for External Affairs

TELEGRAM 235 Moscow, May 9, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: My Tel 232 May 6.†

KHRUSHCHEV'S SPEECH OF MAY 7

I was present when Khrushchev made his second speech to supreme Soviet on May 7.[35] As a rule ambassadors merely receive tickets of admission. This time Foreign Ministry phoned Embassy to inform them that Khrushchev would make an important speech at noon. Hence we expected a sensation and unfortunately were not repeat not disappointed.

2. It was an unhappy occasion for Western diplomats. At first we could not repeat not believe our ears but when Khrushchev gave detail after detail about the plane incident, including photographs which pilot had taken, we were forced to conclusion he was substantially telling

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[33] Voir/See document 163 n.6.

[34] Note marginale :/Marginal note:
Seen by SSEA prior to meeting with Herter in Washington. R. C[ampbell] 16/4.

[35] Voir/See *Soviet News*, May 9, 1960.

the truth. Khrushchev had cleverly avoided giving info that pilot was alive in his first speech[36] in order to substitute what explanation of orders from State Department would give. The State Department fell into the trap. USA Embassy for example circulated a statement "that there was absolutely no repeat no deliberate attempt to violate Soviet air space. There never has been."[37]

3. Khrushchev got a [Group corrupt] reception from deputies. His vein of righteous indignation mingled with [2 group corrupt] humour went over well. All in all it was a great occasion for Khrushchev but not repeat not for the West.

4. Khrushchev no repeat no doubt now considers himself to be in an [2 group corrupt] position. If there is a summit, President Eisenhower Khrushchev hopes will be on defensive. If the West backs out of a summit Khrushchev can blame the West for failure to hold a summit conference. Either way he no repeat no doubt considers that he stands to win.

[DAVID] JOHNSON

181. DEA/50346-1-40

L'ambassadeur en Union soviétique
au secrétaire d'État aux Affaires extérieures

Ambassador in Soviet Union
to Secretary of State for External Affairs

TELEGRAM 237 Moscow, May 9, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: My Tel 235 May 9.

USA PLANE INCIDENT

At a Czech reception today Khrushchev made it clear he proposes exploit this incident to fullest extent. In full view of large gathering Khrushchev selected USA Ambassador for a long private talk.[38] Afterwards Thompson told me that though Khrushchev was personally friendly he was so angry about incident that the intends to bring it before Security Council. [If] positions were reversed USA would Khrushchev said do same thing. Khrushchev seemed equally angry about State Department's false statement May 5 and its frank statement May 7.[39] The second statement Khrushchev said indicated that Americans intended to continue with this practice.

2. In his speech at reception Khrushchev made great play about inability of American Embassy to know what its military people were doing. He made two serious statements. One, that if this practice continued USSR would take steps to wipe out the base from which the plane operated; and two, that if he signed a peace treaty with East Germany and the West used force to enforce their so-called legal rights, the USSR would use sufficient force to stop them.

3. I think Khrushchev clearly wishes to go to the Summit Conference posing as champion of law and order.

[DAVID] JOHNSON

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[36] Voir/See *Documents on International Affairs 1960* (London: Oxford University Press/Royal Institute of International Affairs, 1963), pp. 14-18.

[37] Voir/See *Documents on International Affairs 1960,* pp. 18-19.

[38] Voir/See *Foreign Relations of the United States 1958-1960, Volume IX* (Washington: United States Government Printing Office, 1993), document 152.

[39] Voir/See *Documents on International Affairs 1960* (London: Oxford University Press/Royal Institute of International Affairs, 1963) pp. 18-19.

182. DEA/50346-1-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], May 13, 1960

NATO AND THE SUMMIT

You will recall that there was some discussion at the Istanbul meeting regarding consultations in the Council both during and after the Summit meeting. Mr. Herter and Mr. Lloyd indicated the practical difficulties involved in attempting to implement Mr. Spaak's suggestion that the Council be kept informed from day to day during the Summit meetings. When Mr. Spaak went on to suggest that the Three might consult the Council in the event some new proposals should arise at the Summit, the substance of which had not been dealt with in NATO, there was no comment from the Three. At the close of the discussion the impression was left that a flexible procedure would be sufficient, probably involving a report to the Permanent Council by one of the Foreign Ministers at the end of the Summit meeting.

At the Permanent Council meeting on Wednesday, Mr. Léger raised this matter in general terms (see attached telegram No. 1319 of May 12.)† He suggested,

(a) that in the spirit of the Istanbul meeting there should be consultation in the Council on any Western proposal which differed from presently agreed policy; and

(b) that there should be a post-mortem session of the Council immediately after the Summit meeting, attended by one or more of the Foreign Ministers of the Three.

Although the United Kingdom representative was clearly hesitant about committing his Government to NATO consultations during the Summit, he did not dissent from Mr. Spaak's interpretation that the Council should meet if anything really new was contemplated by the Western negotiators. There was also general agreement that there should be a Council meeting immediately after the Summit attended by one of the Foreign Ministers of the Three.

We believe that Mr. Léger's intervention was particularly useful since it had the effect of clarifying the responsibilities of the Three in respect of the NATO Council both during and after the Summit meeting. However, since Mr. Léger made it clear that he was acting without instructions, we think it would be desirable, if you agree, that you indicate your approval of the general line he has taken.

A telegram advising him to this effect is attached for your signature, if you agree. You will note that we have also included the suggestion that he might inquire privately of the Council representatives of the Three whether it might not be possible for their Governments to provide the Council with an interim report on the progress of the Summit negotiations at the Council's next regular meeting on Wednesday, May 18.[40]

M. C[ADIEUX]
for Under-Secretary of State
for External Affairs

[40] Notes marginales :/Marginal notes:
Signed by SSEA 13/5. R. C[ampbell]. Sent 20:00 13/5. R. C[ampbell].

183. DEA/50346-1-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM S-208 Ottawa, May 17, 1960

SECRET. OPIMMEDIATE.

Repeat Washington, Permis New York, London, Paris, Bonn, Rome, Brussels, Hague (Information).

By Bag from London: Moscow, Berlin, Belgrade, Warsaw, Prague, Athens, Ankara.

SUMMIT MEETING: NATO DISCUSSIONS

In discussing in the NATO Council the aftermath of the disruption of the Summit Meeting I think it would be useful to underline our assumption that the current East-West discussions in regard to nuclear tests will continue despite the rupture at the Summit and that the Ten Nation Disarmament Committee will meet as planned on June 6. In terms of East-West relations it seems of the utmost political importance to have disarmament under discussion.

2. Khrushchev's announced intention of proceeding to East Germany and press reports of assertions by his officials that he might sign a peace treaty raise again in our minds the nature of the contingency planning that has been adopted by the Three Western Powers. This was outlined in an unrecorded session of the Ministerial Meeting of the Council in April 1959. The Belgian Foreign Minister mentioned it briefly at Istanbul and was told by Mr. Herter that there had been to change. In view of developments since Istanbul I think it would be well if the Council were to request the three to indicate whether they still intend to implement the plans outlined at the Washington Ministerial Meeting.

3. If discussion in Council deals with the possible reasons for Khrushchev's behaviour the following very tentative analysis may be useful to you.

4. It does not seem to us likely that Khrushchev has wrecked the Summit as a result of any loss of power within the Soviet Union which forced him to abandon his policy of détente against his will. All the evidence at the present time points on the contrary in the direction of Khrushchev's growing personal authority. In January he decreed the demobilization of a large part of the Soviet armed forces, over the opposition, which he himself admitted, of the generals. Early this month he rearranged the government and party apparatus in such a way that, as far as we can see, his own position was made stronger and his own chosen men put unequivocally into the influential positions.

5. A more likely explanation is that since his meeting with President Eisenhower last fall Khrushchev has reassessed Western Summit intentions. At the time of his meeting, influenced by Eisenhower's personal presence and acknowledgments that the Berlin situation was "abnormal,"[41] Khrushchev may well have calculated that he could get a sufficiently advantageously agreement at the Summit to justify his policy of détente, and to mollify his critics within the bloc and within the Soviet Union.

6. Over the past eight months Khrushchev may have had cause to re-examine this assessment. Following closely the relations among the NATO countries he may well have

[41] Voir/See *Public Papers of the Presidents of the United States: Dwight D. Eisenhower, 1959* (Washington: United States Government Printing Office, 1960), pp. 694-702.

concluded that so far as Berlin was concerned he would probably return empty-handed from the Summit. Reading recent speeches of Vice-President Nixon and Messrs. Herter and Dillon,[42] he may have concluded, with some justification, that the American line had definitely hardened. It was these speeches which were one cause of his own truculence in the Baku speech of April 25.[43] Khrushchev may have concluded that at best the Summit might have achieved agreement on a limitation of nuclear testing which, without an agreement on Berlin, would only have exposed him to sharp criticism from those who have opposed his policy of détente from the beginning — notably the Chinese. He may therefore have seized upon the airplane incident as a convenient excuse for modifying that policy, at least temporarily, and avoiding the Summit Meeting.

[H.C.] GREEN

184. DEA/50346-1-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], May 19, 1960

NATO AND THE SUMMIT

In an editorial this morning, copy of which is attached,† the *Globe and Mail* has called for a NATO Heads of Government meeting in order to develop a programme in the present situation that expresses the collective view of the fifteen members of the Alliance. It argues that the U.N. can and should be brought into the picture but not immediately, and that the first thing to do is to have a meeting of the NATO Heads of Government, which has not taken place since December 1957, following the launching of the Soviet Union's first Sputniks.

In considering this suggestion I think we should remind ourselves that the main reason for calling a special meeting of the Heads of Government in 1957 was to give urgent attention to the implications of the Russian scientific successes in launching an ICBM and satellites which had the effect of fundamentally altering the strategic position of NATO. Moreover, the meeting was called in haste, had no agreed papers before it and yet had to deal with the most fundamental problems affecting the whole future of the Alliance. The conclusions arrived at were related to such important matters as the establishment of stockpiles of atomic weapons and the stationing of IRBMs in Europe, in terms which are still not entirely clear to the Governments concerned with the implementation of these decisions.

Undoubtedly, we are faced with a critical international situation as a result of the collapse of the Summit meeting. However, the situation so far as NATO is concerned is different from 1957. As the Prime Minister indicated in the House yesterday, Soviet tactics have had the effect of unifying rather than dividing the Alliance. It seems to me that the real task now facing the Alliance is to hear the report of the Western Three on the breakdown of the Summit, to take stock of the situation and to decide through intimate and close consultation the most

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[42] Voir/See Christian Herter, "Year of Progress Toward Peace," *Department of State Bulletin*, Vol. 42, No. 1086 (April 25, 1960), pp. 635-40; Douglas Dillon, "American Foreign Policy Today," *ibid*, Vol. 42, No. 1089 (May 9, 1960), pp. 723-29.

[43] Voir/See *Documents on International Affairs 1960* (London: Oxford University Press/Royal Institute of International Affairs, 1963), pp. 9-14.

constructive course to be followed in dealing in a calm and purposeful manner with the important problems which lie ahead. Above all, I think that we should avoid creating the impression of panic or crisis in the West and endeavour to maintain a sense of perspective and balance. To call in haste a meeting of the Heads of Government of NATO would, it seems to me, be unwise. The inevitable publicity surrounding it could well have the effect of heightening international tension and of raising public expectations which would probably not be realized. In the event the course of developments in the next few weeks should make it appear advisable to have a NATO Heads of Government meeting, it would, I think, be important to prepare the ground carefully in order to warrant the time and effort involved and in order to ensure the success of such a meeting.

In the circumstances, I think that what is required is a series of consultations in the Permanent Council to devise the most constructive approach to the problems which lie ahead, which might be followed in two or three weeks' time by a meeting of the Foreign Ministers. If at that time it became evident that a meeting of Heads of Government would be advantageous, then a decision might be made.

In the event you are questioned about this in the House this afternoon, I attach draft notes† which might form the basis of your reply.

I also enclose an extra copy of this memorandum and its attachment which you may wish to give to the Prime Minister in the event a question is directed to him.

N.A. R[OBERTSON]

185. DEA/50346-1-40

L'ambassadeur en Union soviétique
au secrétaire d'État aux Affaires extérieures

Ambassador in Soviet Union
to Secretary of State for External Affairs

TELEGRAM 250 Moscow, May 19, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: My Tel 242 May 13.†

USA PLANE INCIDENT

Khrushchev's intransigence has prevented Summit Conference from meeting and Eisenhower from visiting USSR. Why? A reasonable view is that since his visit to de Gaulle, Khrushchev has realized that he would obtain nothing of substance at Summit to justify his policy of détente to his critics in USSR and other socialist states. A damaging blow to his personal prestige would follow and the plane incident gave him an unexpected opportunity to change his policy and demolished his critics behind him. Khrushchev no doubt hoped his personal prestige would not repeat not suffer but this is doubtful. Having reversed his tactics he can be expected to exploit incidents to greatest extent.

2. The above may be an over-simplified explanation. The Swedish Ambassador thinks Khrushchev had hopes of obtaining some satisfaction from a Summit Meeting. The plane incident and particularly the explanations of Herter and Eisenhower were such that he was bound to react in the way he did. Emphasing undertaking by Eisenhower not repeat not to continue these flights was not repeat not enough and to satisfy *amour propre* of Soviet people some expression of regret was necessary.

3. I have spoken to Polyansky and Pavlenko a former minister of power stations. Their views give some support to those of the Swedish Ambassador. They were particularly angered by

American assumption they were superior beings and Russians inferior beings who could be treated with contempt. The USA had to treat USSR as an equal. The President said he would stop these flights as if he were granting a favour. This was not repeat not enough. Some expression of regret was necessary to satisfy Soviet honour.

4. Incidentally Pavlenko and Czech Ambassador both thought Khrushchev would not repeat not sign a separate peace treaty with East Germany immediately. The reason Pavlenko gave was that Khrushchev was only committed to do this after failure of a Summit Meeting. In fact no repeat no Summit Meeting has been held. After Khrushchev's visit to East Berlin we should know the answer.

5. Undoubtedly a period of tension is beginning. I have warned the staff to be careful particularly about contacts with Russians.

[DAVID] JOHNSON

3e PARTIE/PART 3

POLITIQUE NUCLÉAIRE
NUCLEAR POLICY

186. DEA/50030-AG-2-40

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Secretary of State for External Affairs to Prime Minister

TOP SECRET [Ottawa], April 12, 1960

NATO ATOMIC WEAPONS — MEDIUM RANGE BALLISTIC MISSILES FOR NATO FORCES IN EUROPE

At the 1959 December Ministerial Meeting General Norstad reviewed the progress made in implementing the 1957 NATO Heads of Government decision relating to the establishment of IRBM's in Europe.[44] He mentioned specifically the progress which has been made in setting up such missile units in Italy and Turkey. He then went on to refer to the need for having "second generation" solid-fuelled IRBMs (henceforward referred to as Medium Range Ballistic Missiles, MRBMs) which would be lighter and more mobile and have a range between 300 and 1500 miles. He referred to a military requirement for 50-100 of these missiles by 1963 and an annual increment up to 300.

To meet this requirement the USA Secretary of Defence, Mr. Gates, made an offer at the recent Defence Ministers' meeting in the following terms:

(a) The Polaris missiles would be available for sale to European countries who would make their own arrangements for production of the launching equipment. The USA would be willing to provide some MDAP funds for the programme. The nuclear warheads would be provided by the USA, which would retain custody of them until their release was authorized by the President in event of hostilities. The conditions imposed would be (i) that the programme be approved by the NATO Council (ii) that missiles be under SACEUR's control (iii) that there be an advance commitment to accept storage of nuclear components (iv) there be an advance commitment to deploy the missiles to meet SACEUR's requirements.

[44] Voir/See Volume 24, document 256.

(b) As an alternative to (a) the USA is prepared to provide technical assistance for the establishment of a multilateral production capacity in Europe for the missile. The same conditions listed under (a) would apply.

In presenting his proposal Mr. Gates indicated that the USA would greatly prefer alternative (a). The French Minister of Defence did not react very favourably to the US proposal. He said that when the French Government had given its approval in principle to the equipment of NATO forces with such missiles they had not thought that they should be provided exclusively for SACEUR. He indicated that the proposal required "a good deal of study." Mr. Watkinson's preliminary view was that the purchase of the missiles would probably be the most expeditious and economical solution but he agreed that the proposal required further study. The outcome of the discussion was inconclusive but there was general support for the idea that proposals should be studied by the military authorities and the Council.

The matter was next discussed at the meeting of the Permanent Council on April 6 when the Norwegian Delegate explained at length the policy of his government in respect of the establishment of bases and the stockpiling of nuclear warheads on Norwegian territory. The discussion as reported in the attached telegram No. 1029 of April 6 from NATO Paris† reveals clearly that the USA would like to get a general blessing from the NATO Council for the acceptance of MRBM's, leaving the details to be worked out on a bilateral basis with interested countries and avoiding any general discussion in the Council of NATO nuclear policy. M. Spaak, supported by a number of representatives, was strongly in favour of a full discussion in the Council of the fundamentals involved. The UK and French representatives gave tentative support for the US proposal but did not challenge the desirability of a full discussion as advocated by M. Spaak.

It was finally agreed that the USA proposals should be considered in the Council after the Summit meeting, some time in late May. In the meantime the Secretary General will discuss with the Standing Group in Washington next week the kind of information which they could provide for a Council discussion. He will report the results of his conversations to the Council, at which time a decision could be taken as to what questions, if any, should be put to the military authorities.

Canadian Position

Mr. Léger's intervention in the discussion was limited to reminding the Council that one of the conditions of the USA offer was that the programme be approved by the NATO Council. He said that he had no idea at this stage what Canada's position on this subject might be, but that he was certain that the Canadian Government would wish to be consulted throughout the negotiations if there was any question of the deployment of these missiles in or near areas occupied by the Air Division or the Brigade.

I think it would be premature to attempt to formulate a Canadian position on the US proposal until the receipt of further information and pending M. Spaak's report to the Council following his visit to Washington. I would think it advisable, however, that Mr. Léger be instructed to lend Canadian support to a full Council discussion of the USA proposal following the Summit meeting. There are, it seems to me, a number of aspects (e.g. the question of bilateral as opposed to NATO Council control over the weapons and the question of where they will be deployed) which need to be fully discussed before giving Canadian approval to the USA proposal.

H.C. G[REEN]

187. DEA/50030-AG-2-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 1084 Paris, April 12, 1960

TOP SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.

Reference: My 1029 Apr 6.†

Repeat Washington, London, Paris, Bonn, Brussels, Hague, Rome, CCOS, DND from Ottawa (Priority) (Information).

By Bag Athens, Ankara, Oslo, Copenhagen (Priority) from London.

ATOMIC POLICY OF THE ALLIANCE: MRBMS

I called on General Norstad accompanied by General Kitching and inter alia discussed with him problems raised by Secretary-General's suggestion that Council should address itself to USA proposal on MRBMs and his own commitment to brief Council on this matter. SACEUR acknowledged this and during conversation made following points:

(a) He was afraid that opinion might be building up against the setting up of MRBMs in central Europe and was concerned lest the opinion of the Council would be so adverse as to make the positioning of these missiles very difficult. His reply to such adverse reaction of some European members of NATO was that it would sow the early seed of "America first policy" which would spring from a continued refusal by European nations to face up to their own defence problems.

(b) He admitted that there would be a very critical political problem if France continued to refuse to harbour USA warheads on French territory. The MRBM programme in his view could not repeat not possibly be implemented if an excess of 200 of these weapons had to be placed on German soil. He was mildly optimistic however and believed that some arrangements could be made with France in the next two or three years which would permit the latter to accept "upwards of 50 or 100" of those weapons on French territory. (This should not repeat not be interpreted to mean that French authorities would necessarily be asked to accept the present type of USA controls over warheads: General Norstad rather gave the impression that some new formula might be worked out which would make it easier for the French to accept stockpiles of warheads on French soil.)

(c) General Norstad mentioned several times that the target date for the bringing into use of the MRBMs was "not repeat not before 1965 or 66." He had raised the question generally because of the required lead time to get the necessary planning and production under way. In his opinion once the decision had been taken to plan for these weapons and for their production the question of how many each country could be asked to absorb could well be left for two or three years. He did not repeat not think it would help the Alliance if this crucial question had to be answered at the present time. In this respect he thought that a discussion in Council would have to be handled with great care since "no repeat no one should ask the Germans to take these missiles nor should anyone tell them that they could not repeat not have them." The total number in any event would be distributed not repeat not only on the mainland but also on certain islands, on waterways and at sea. The whole operation would require time and a good deal of "finesse." He should not repeat not therefore be pressed too hard in Council.

(d) We did not repeat not have time to discuss at any length the problem of controls. General Norstad merely said that the formula now applying to arrangements with the Italian government would also apply to the programme for the Polaris.

2. Throughout the conversation General Norstad showed serious concern over developments in this field, particularly if matters were allowed to drift much longer. There was a military requirement for such missiles and it had to be met one way or the other. The political implications however were very serious: his main concern, as expressed above in paragraph 1(a), was the likelihood that unless some satisfactory arrangement was arrived at, the USA in due course would be led to disengage from Europe. There was the very serious further complication that if in the meantime West Germany was heavily provided with MRBMs and France was not repeat not, the equilibrium on the continent would be completely upset. In this respect he cited an instance when some time ago he had been approached by Defence Minister Strauss who, after having learned that two squadrons of IRBMs were to be positioned in Europe, pointed out that Germany was very interested in obtaining these squadrons and more or less asked when they could expect delivery of the hardware. General Norstad took the line at that time that he did not repeat not plan to move IRBMs into Europe regardless of what stories Defence Minister Strauss might have heard of their availability in the USA. In order to offset some of the complications with which the Alliance was faced General Norstad had over the last few months suggested that Europeans should assume joint responsibility specifically in the field of MRBMs and even more generally in the atomic field. He added: "Politicians don't seem to see the dangers ahead and I cannot repeat not do more than I did. Because of the bad reception these views of mine have received in Washington and London I don't intend to pursue them any further."

3. Reverting to a more specifically Canadian interest General Norstad said that as a result of Canadian and Dutch concern SHAPE were now preparing a study explaining the requirement for both missiles and manned aircraft during the next few years. In his view these weapons were complementary and were designed to be used together as part of the overall weapon system. Their joint use had seemed so normal to him and his staff that they had not repeat not considered that an explanatory paper was necessary when the requirement for the 300 Polaris was made first to the Standing Group and then during the meeting of defence ministers. However he had realized his mistake and the study is now nearing completion. He remarked that a zero launch take off capability can now be built into the 104G during the production stages for a figure of about $45,000 extra per plane. This figure had been given by the Lockheed expert and he had asked A/M Dunlap to pass it on to General Foulkes. It would probably cost five times as much if the modification had to be done to the aircraft after production. This modification would give the 104G an almost vertical take off capability, thus overcoming to a considerable extent its vulnerability and dependence on long runways.

4. General Norstad's views as expressed above raise far-reaching issues. We will try and send you shortly more considered comments on this complex problem. I am not repeat not sure that further info will lead to greater clarity. From now on two ounces of doctrine may be better than two pounds of facts. The starting point of the present problem is a military requirement for the setting up of 300 MRBMs in the European periphery of the Soviet empire. This 1400 mile missile is described by the military as a weapon to be used against tactical targets; it could as aptly be described as the new strategic arm of SACEUR. This requirement is made at a time when Norway and Denmark have reiterated their decision not repeat not to have such weapons on their territory; when France will not repeat not accept the conditions under which they are offered; when it is considered that it would be politically unwise to build up too heavy a concentration of such missiles in West Germany; and, more important, when our own preoccupations on disarmament may have an impact on the whole future of NATO. An easy but in my view very deceptive conclusion would be to say that the USA initiative is most

inopportune. Such a conclusion could only conceivably be reached if we knew more than we do about Soviet intentions, not repeat not to mention capabilities. What is fairly clear from here however is that the future of the Alliance may rest upon the capacity of its members to formulate and implement an atomic policy generally satisfactory to its members. Immediate Canadian interests may not repeat not be too apparent; the launching from any given territory of just one of the 300 MRBMs now under consideration would force us to look at the problem in a more fulgurating light.

[JULES] LÉGER

188. J.G.D./XII/A/394

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Secretary of State for External Affairs to Prime Minister

TOP SECRET [Ottawa], June 1, 1960

MEDIUM RANGE BALLISTIC MISSILES FOR NATO FORCES IN EUROPE

I think that it might be useful if you were to discuss with President Eisenhower[45] the United States' plans regarding the introduction of Medium Range Ballistic Missiles for NATO Forces in Europe.

In my memorandum to you of April 12, copy of which is attached, I reviewed briefly the announcement of General Norstad at the 1959 Ministerial Meeting regarding the need for such weapons in Europe, the statement by the United States Secretary of Defence at the NATO Defence Ministers' Meeting in March outlining the terms of the United States' offer to provide such weapons, and the discussion which followed. It was agreed at the Defence Ministers' Meeting that the U.S.A. proposal should be considered in the Council after the Summit some time in late May. It was also agreed that the Secretary General would discuss with the Standing Group in Washington the kind of information which the NATO military authorities might provide for a discussion in the Permanent Council.

During the Defence Ministers' Meeting Mr. Pearkes expressed the view that since the U.S.A. proposal had far-reaching consequences it should be discussed fully in the Permanent Council and the Military Committee (which would consider the military implications and requirements of such weapons). He also stressed that no publicity should be given to this proposal because of the effect such an announcement would have on the disarmament negotiations.

The information we have received to date suggests that the military authorities of most of the NATO countries are agreed on the military requirement for such weapons but have come to no conclusions regarding the manner of their deployment or the precise date when they should be introduced. It does appear, however, that the United States and the NATO military authorities at SHAPE are thinking in terms of introducing between 50 to 100 missiles in 1963, to be increased to 300 by 1965. The missile they have in mind is the POLARIS, which has a range of between 300 to 1500 miles and is lighter and more mobile than the medium range ballistic missile units which are being set up in Italy and Turkey.

[45] Voir le chapitre III, 1ère partie.
See Chapter III, Part 1.

Our impression is that General Norstad will probably make, in the near future, a short general report to the NATO Council indicating the broad NATO military requirement for such weapons. His report may take into account the views of the NATO Military Committee (which were supported by the Canadian military authorities) that "maximum flexibility and dispersion depend in large measure upon the ability to deploy MRBMs anywhere in NATO Europe including adjacent maritime areas" and "that the greatest value of this weapon system (MRBM) will best be achieved by the broadest possible geographic national deployment throughout NATO Europe ..." We expect that following any discussion which may develop in the Council, General Norstad will indicate that he plans to work out, on a bilateral basis, with the European countries concerned, plans for the deployment of these missiles which would be introduced in some three or four years' time.

My concern does not relate to the fact that there will be discussion in the Permanent Council in the near future, but rather to the possibility that there may be pressure for a NATO decision or a public announcement regarding plans to strengthen NATO through the introduction of these weapons. It seems to me that to attempt to come to any decision (which undoubtedly would become public knowledge) or to make a formal announcement would have very serious disadvantages as follows:

(a) By announcing what must be regarded as a notable increase in Western strength in Europe, it would introduce an element of inflexibility into the Western negotiating position in a period were a certain amount of equilibrium has developed between the opposing sides.

(b) France is known to oppose the acceptance of these weapons on the terms provided by the Americans. Since the majority of them would consequently be deployed in Germany, a decision at this time could have the effect of increasing German influence in the development of any Western negotiating positions.

(c) It might be interpreted by the general public as a reaction to the collapse of the Summit or to recent Soviet statements about retaliation against any countries who decide to launch or are involved in the launching of U-2 flights over Soviet territory.

(d) Any decision or announcement would undoubtedly be regarded by the Soviet Union as evidence of Western unwillingness to move towards a détente and provide material for those elements in the Soviet Union and Communist China which are suspicious of Western intentions and insist that the Western political authorities are dominated by military elements bent on an aggressive war.

In the circumstances you might wish to raise some of these points with the President, emphasizing in particular our misgivings about the advisability of any formal NATO decision or announcement at this time regarding the proposed large-scale introduction of MRBMs in Europe. At a time when the West is counselling moderation and patience and is emphasizing its willingness to negotiate all outstanding issues it would seem highly important to avoid any action or decision or announcement on the military front which would appear inconsistent with our proclaimed political aims and attitudes.

H.C. G[REEN]

189. DEA/50103-B-40

Note

Memorandum

SECRET [Ottawa], June 13, 1960

MEDIUM RANGE BALLISTIC MISSILES FOR NATO

The United States appears to be anxious to press ahead with further discussion and consideration of its offer to make POLARIS medium range ballistic missiles available for deployment in Europe in three or four years' time. At the NATO Defence Ministers' meeting last April, when the United States offer was first made, it was agreed for political and psychological reasons to postpone any further NATO discussion of this matter until after the Summit meeting.

Since then consideration has been given to the problem mainly on the military front. The military authorities of most of the NATO countries are agreed on the military requirement for such weapons but have come to no specific conclusions regarding the manner of their deployment or the numbers required. The views of the Military Committee (which were supported by the Canadian Chiefs of Staff) are that "maximum flexibility and dispersion depend in large measure upon the ability to deploy MRBMs anywhere in NATO Europe, including adjacent maritime areas ..." and "that the greatest value of this weapon system (MRBMs) will best be achieved by the broadest possible geographic deployment throughout NATO Europe ..."

Last Friday the members of the Permanent Council were given a briefing by General Norstad, who underlined the military requirement of MRBMs. Impressive evidence was adduced to prove that the number of targets which had to be successfully engaged if NATO shield forces were to fulfill their function as part of a credible deterrent, could only be dealt with if SACEUR was provided with a second generation ballistic missile in the period 1963-65. SACEUR explained that such a mobile flexible system of MRBMs would remedy major deficiencies in shield forces, including the vulnerability of currently planned strike forces which mainly consist of aircraft on fixed bases. But he stoutly maintained that the requirement for strike aircraft would continue at least for the next ten years because, unlike missiles, they can be used selectively. They would not, however, be able to carry out their proper function unless the way through the Soviet air defence system was cleared for them by MRBMs. The conclusion of the briefing was that the deterrent capability of SACEUR's command would be gravely reduced if some such weapons system as MRBMs was not introduced in the period 1963-65.

The discussion which followed dealt mainly with the questions of deployment of these weapons and the effort which would be required from each country to meet the military requirement. After a good deal of argument, SACEUR reluctantly admitted that the Military Committee's views regarding the need to be able to deploy these weapons anywhere in Europe constituted a general reply to the question of deployment concerning which he was at first not anxious to express any opinion; he added that the weapons might possibly move from country to country on train or truck mounts. He also gave the impression that he would prefer that substantial numbers of MRBMs be sited in France, Italy, and the Eastern Mediterranean area, and that arrangements for the installation of these weapons would be worked out bilaterally between his headquarters and the individual countries. The outcome of the questioning was a decision that SACEUR should meet again with the Council on the subject of MRBMs and provide further advice on the question of deployment.

Mr. Léger raised the question of the rôle of the Council in respect to decisions concerning the weapons. He pointed out that if agreement were reached to include the weapons in the NATO arsenal, the result would have policy implications of the most important kind for the East-West balance of power. He said he would expect, therefore, that decisions with respect to MRBM proposals would be joint decisions taken in Council. Significantly, no member of the Council questioned his statement in this regard.

From General Norstad's remarks, he appears to be thinking in terms of bilateral arrangements with the host countries similar to those which have already been worked out in connection with the installation of ballistic missile sites in Turkey and Italy. To date there has been virtually no discussion of those arrangements in the Council and control over their use is essentially a question of a joint decision between the United States and the respective host country. To continue with the same procedure would, it seems to us, considerably weaken the solidarity of the Alliance for much of this new defensive strength would be governed by a series of bilateral arrangements between the United States and the countries in which they are to be stationed.

Assuming the majority in the Council agree with the estimated military requirement for such weapons in the period 1963-65, our tentative view is that it would be in order for the Council to note the military requirement for such weapons and to give approval to SACEUR's making provisional plans to introduce them. It should, however, be understood that such approval would not authorize him to enter into any bilateral or multilateral negotiations concerning their deployment or use.[46] Such authorization as might be necessary should only be given when the Council, at Ministerial level, has had an opportunity to consider the implementation of the military plans in the context of the political and other problems involved. Such problems might appropriately be dealt with in the long-term planning studies which will probably be ready for Ministerial consideration at the annual December meeting. Possibly final approval might be reserved for a NATO Heads of Government meeting early in 1961 when a new United States President will have assumed office.

The main advantage of such an approach would be that it would provide a limited mandate to the NATO military authorities while reserving any final approval until the Ministers of the member countries have had an adequate opportunity to consider the long-term implications of this proposed new addition to NATO defensive strength. Among the long-term implications to be considered would be the political effect within the Alliance if the United States or the military authorities were to insist on continuing with the present practice of bilateral arrangements.

At the same time, it would be important to insist on avoiding any publicity regarding current or future Council discussions regarding these weapons. Any public decision or announcement would introduce at least the impression of inflexibility into the Western negotiating position on East-West issues and would open the West to Soviet charges that it is not seriously interested in moving towards a settlement of current international issues, particularly in the disarmament field.[47]

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[46] Note marginale :/Marginal note:
? [N.A. Robertson]

[47] Note marginale :/Marginal note:
I doubt whether the proviso in the last paragraph really takes care of the political risk involved in giving preliminary military approval now to the proposed Polaris programme. N.A. R[obertson] 15.6.60

190. DEA/50219-AL-2-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 1913 Paris, July 18, 1960

SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.

Repeat Washington, London, Paris, Bonn, Brussels, Hague, Rome, CCOS, DND from CCOS (Information).

By Bag Athens, Ankara, Oslo, Copenhagen, Portugal from London.

FUTURE WORK OF COUNCIL

I called on Secretary General to discuss with him programme of Council meetings between now and August recess with particular reference to Gates proposals on Polaris missiles, NATO long-term planning and disarmament.

2. *Gates Proposals.* Secretary-General reported that he had been unsuccessful in Washington in convincing administration that some way be found partly to meet French preoccupations which might lead to General de Gaulle accepting on French soil some of the missiles offered by Gates. He had been successful however in convincing them that a discussion in Council would immediately expose the impossibility of reaching agreement. SACEURs proposals therefore, as outlined in document PO/60/437, have already been pigeon-holed. The reason given by Washington is that after further consideration it is thought that whatever Polaris missiles are to be provided to NATO should be extremely mobile and possibly all water-based. Mr. Spaak was not repeat not clear yet as to whether this meant that new proposals would be made involving the provision of submarines and/or barges carrying Polaris missiles. In any event the new proposals are not repeat not likely to be submitted to Council for some time, certainly not repeat not before September and possibly not repeat not before the new president has taken over in Washington.

3. There will therefore not repeat not be any discussion in Council of this matter until after August recess at the earliest.

4. In concluding this part of his exposé of the work of the Council in the weeks to come Mr. Spaak reaffirmed his view — which I fully share — that the future of the Alliance fundamentally lies in developing, particularly between USA, UK and French, and also among all members, a generally acceptable atomic policy. He is not repeat not unhopeful that this might be achieved once the new president has taken over in Washington and some pressure has been brought to bear on General de Gaulle. He is discussing these problems with French at present and has already had what he termed "not repeat not too unsatisfactory conversations" with Messrs Couve de Murville and Debré and is to follow up these conversations with a discussion with General de Gaulle during the next few days.

Long-Term Planning.

5. Secretary-General referred to his document "First Thoughts on the Ten-year Plan" forwarded to you under cover of our Letter No. N-997 July 11.† During August he intended to continue to reflect on this subject and amend his own paper in some respects if necessary. Meantime he very much hoped that this draft will be considered by member governments so that a fruitful exchange of views can be held some time in September. As a result of this a new document would be prepared. Depending on developments he was considering the possibility

of visiting NATO capitals sometime in October and November to discuss the new draft with a view to coming to agreed conclusions in time for December Ministerial Meeting. If in the process it was thought that the holding of a seminar attended by senior officials and experts would be worth while, a decision could be taken in September after the first round of discussion has been held.

6. Here again Secretary-General is not repeat not sanguine about the progress that can be made until the new president has taken over in Washington. However he still is attracted by the Prime Minister's idea of holding a Heads of Government Meeting some time in new year, possibly in the spring, if the progress made between now and then is such that important decisions for the future of the Alliance could be announced.

7. Here again therefore the Council will not repeat not be seized of the ten-year planning until mid-September.

8. Secretary-General is still unclear as to the fundamental differences between Washington and Paris on disarmament. At the next Council meeting he would expect French to have circulated their statement made in Council on July 13 (paragraph 6 my Telegram 1879 July 13).† At that time it would be up to the Council members to support the amended USA proposals or to align themselves with French. He believed that it was not repeat not unlikely that USA's amended proposals could get the support of the great majority in the Council.

9. I pointed to the very great importance we attach to convening the Disarmament Commission as soon as possible. He did not repeat not disagree with this and even thought that from the point of view of public opinion generally it might be advantageous.

10. The only other point Mr. Spaak made on disarmament was to express his strong feeling that at this moment in international affairs it was unrealistic to think that USA and USSR could in fact agree to the implementation of a disarmament scheme which would paralyze their atomic capability. This was not repeat not to be interpreted to mean that discussions on disarmament should not repeat not continue but that possibly it would be wiser to restrict the scope of such discussions somewhat and to revert to more limited objectives such as those of zones of inspection or "open skies." Here again he referred to the fact that the political situation in USA was not repeat not necessarily conducive to immediate results in this field.

11. Mr. Spaak agreed that the subject of disarmament would remain on the agenda of the Council.

[JULES] LÉGER

191. DEA/50030-AG-2-40

Le sous-secrétaire d'État aux Affaires extérieures au président du Comité des chefs d'état-major

Under-Secretary of State for External Affairs to Chairman, Chiefs of Staff Committee

SECRET [Ottawa], July 29, 1960

MEDIUM RANGE BALLISTIC MISSILES FOR NATO

During his visit to Ottawa in June[48] the Secretary-General emphasized the urgency of reaching a decision in NATO on Mr. Gates' proposal to make POLARIS MRBMs available for NATO forces in Europe in the period 1963-65. Mr. Spaak was informed in Washington

[48] Voir/See document 196.

that the United States authorities wished, for production reasons, to have a decision by NATO Council by September 1. The urgency of the question was confirmed by Mr. Gates during the recent meeting of the Canada United States Ministerial Committee on Joint Defence[49] when he explained that if SACEUR is to have such weapons by 1963 production must start soon. The difficulty, however, he believed was essentially a political one arising out of the position taken by the French Government.

A recent report from Mr. Léger indicates that Mr. Spaak is now of the opinion that it would not be advisable to raise the matter in Council until some progress has been made in reaching an understanding with the French. Consequently he thought it was not likely that the matter would be discussed until some time in the autumn and possibly later. It was, however, clear that he considered it should come before the Council in due course.

I think you will agree that we would be well advised in the meantime to clarify our own views in respect of this problem. In this Department we are inclined to question the political wisdom of an early decision of this magnitude until we have examined carefully the broad political and strategic considerations involved. Some of our main misgivings are set out on pages 3 and 4 of the attached brief paper which was prepared for the recent Canada-United States Ministerial Meeting.[50]

There is also one other aspect of this problem which lies more directly in your field of responsibility concerning which I would welcome your views. It seems to us that the introduction of these long range weapons in quantity into the NATO shield force involves a basic question of NATO strategy, particularly since the introduction of such weapons would give SACEUR the capability of dealing with targets far removed from the NATO area in Europe and even in the Soviet Union itself. Our impression is that these weapons would give SACEUR a strategic striking capability far beyond the requirements currently envisaged for the NATO shield forces. We find it difficult to reconcile such a requirement with agreed NATO strategy as set out in the basic documents MC14/2 and MC48/2. Moreover, we wonder how it will be possible to explain to the general public how the introduction of such weapons is consistent with the popularly accepted version of the role of the NATO shield. The attached editorial from the *London Times* of July 9† is a good example of what I have in mind.

In the light of the above I should be very interested to know:

(a) whether the Canadian military authorities agree with SACEUR's estimate of the military requirements for such weapons in the NATO shield forces;

(b) whether you believe such requirements can be justified in terms of current agreed NATO strategy and, if not, whether you think that the current strategy should be modified;

(c) your views on the implications of the introduction of these weapons in the period 1963-65 in terms of Canadian commitments in Europe.

I should be grateful if you could forward your reply by the first week of September.

N.A. ROBERTSON

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[49] Voir/See document 302.

[50] Voir/See document 301.

192. DEA/50030-AG-2-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au chef de la 1ère Direction de liaison avec la Défense

Permanent Representative to North Atlantic Council to Head, Defence Liaison (1) Division

SECRET AND PERSONAL Paris, August 10, 1960

Dear Bill [Barton],

MEDIUM RANGE BALLISTIC MISSILES FOR NATO

I thank you for your letter of July 29† forwarding copy of a letter to the Chairman, Chiefs of Staff, about the provision of MRBM's for NATO. This type of background information helps us a great deal in our work here and I would be glad to be kept informed of developments.

General Norstad returned to Paris at the beginning of the week. While he was in Washington he discussed the Polaris programme with the United States authorities. As a result of these discussions it appears — although I shall have to check this further — that a decision was reached to the effect that the present generation of Polaris would all be used by the United States in U.S. bottoms. Liberty ships, for example, could be equipped with a certain number of Polaris and cruise at some distance from European waters but still close enough to meet the military requirements. Up to 80 Polaris missiles could be used for this purpose. Meantime a second generation would become available by 1964 or so; it would be a smaller and more mobile type of Polaris. If arrangements could be reached with some NATO countries by 1964 then this second generation would be provided.

I presume that this decision was taken not only on technical grounds but also because Washington realized that, particularly as a result of the position adopted by the French, they could not get the co-operation they needed to go ahead with the Gates' proposal. I understand however that General Norstad will still wish to obtain from Council in the not too distant future a decision in principle that such weapons are needed for the defence of NATO. Once that decision has been obtained the United States would then go ahead on their own with the plan outlined above. They would not need the assistance of any of their European partners and thus the problem of control would not arise.

I have not had much opportunity to discuss this new development with my colleagues. I had a word about it however with the Permanent Representative of The Netherlands who sees considerable disadvantage in this new scheme. For one thing he points out that whatever proposal is implemented NATO would still have to brace itself to the full blast of Soviet opposition. For another it was not unlikely that in view of the additional expenses involved the United States might consider withdrawing some of their troops in Europe in exchange for this additional protection extended to the Continent. Lastly Mr. Stikker made the point that the Europeans would have no say in the possible use of such missiles and that they would be at the complete mercy of Washington. This he thought, particularly if coupled with a partial withdrawal of United States troops from the Continent, would seriously weaken the Alliance.

I shall try and send you some comments on your letter to Chiefs; I thought however that you should be aware of these new proposals as soon as possible.

Yours sincerely,

JULES LÉGER

193. DEA/50030-AG-2-40

Le président du Comité des chefs d'état-major
au sous-secrétaire d'État aux Affaires extérieures

Chairman, Chiefs of Staff Committee,
to Under-Secretary of State for External Affairs

SECRET Ottawa, September 2, 1960

MID-RANGE BALLISTIC MISSILES FOR NATO

1. Reference is made to your letter of 29 July 1960 in which you raise three questions concerning SACEUR's requirement for mid-range ballistic missiles.

2. With regard to your first question, while supporting a continued need for aircraft as part of a mixed strike force offering maximum flexibility, SACEUR based his requirement for the MRBM upon the increasing vulnerability of NATO strike aircraft to surprise attack and their decreasing ability to penetrate enemy air defences. The Canadian representative on the Military Committee expressed agreement in principle. The Chiefs of Staff are of the opinion that SACEUR's argument is sound and that he has a valid requirement for a relatively long range ballistic missile to complement his air strike forces.

3. The Chiefs of Staff have some reservation with regard to the necessity for the specified maximum range of 1500 miles and the quantity of 300 missiles. These are related to targets, deployment, and other operational factors. SACEUR has not yet put forward his deployment plan, so that the Chiefs of Staff cannot agree or disagree specifically. At the same time, it should be noted that if the MRBM is to be available to SACEUR by 1963 it will probably be necessary to accept the POLARIS missile because no tested competitor yet exists. It is clear that, if the fullest use is to be made of NATO geography, a missile with a range approaching 1500 miles is necessary. Such a missile would also give SACEUR a useful measure of flexibility and would tend to minimize total missile force requirements. Lesser ranges would be increasingly restrictive.

4. With regard to your second question, it is primarily a matter for political judgement as to whether or not the MRBM raises a fundamental issue of NATO strategic policy. On the one hand, from a military point of view it need not be so regarded, since the requirement for the MRBM can be justified in terms of the efficient execution of SACEUR's presently assigned mission. On the other hand, it can be argued that the MRBM might represent an extension into the strategic deterrent field of SACEUR's mission which would have significant political consequences. If the latter view were adopted by NATO Council, a thorough review of the political and military policies of the alliance might become inescapable. This is also likely to be the case if it is judged that the present arrangements for the custody and control of nuclear warheads within NATO are not acceptable. Which of these views should be adopted is a matter for political rather than military consideration.

5. From the point of view of the Canadian Chiefs of Staff, it is not necessary to regard the issue as one of strategic policy, since:

(a) it is not contemplated that Canada would play any part in the manning or operation of the proposed POLARIS force, and

(b) any resulting redefinition of NATO strategy will, almost certainly, not affect Canada's present military commitments to NATO. This point is discussed in more detail below.

6. With regard to your third question, the Chiefs of Staff consider that SACEUR has a valid requirement for both the MRBM and strike aircraft such as the CF104. The missile is superior in the role of attack on previously selected targets but the aircraft is markedly superior against

target of opportunity. Moreover, it has greater flexibility for use in such roles as pre-strike and post-strike reconnaissance. If SACEUR is to have the ability to make a limited response to Soviet aggression in circumstances which would not immediately warrant the use of MRBMs, or indeed nuclear warheads, he requires manned aircraft such as the CF104 and in the numbers presently programmed. This situation will persist throughout the useful life of the CF104. The missile and the aircraft are therefore essentially non-competitive.

7. It seems clear that the NATO MRBM has no bearing upon the need for or value of the Canadian Infantry Brigade Group.

8. It must be noted, however, that Canada might be called upon to share in the cost of the MRBM through infrastructure or otherwise. At present, it is impossible to say what financial arrangements will be proposed. In the event that Canada were called upon for a substantial financial contribution, the Canadian Government might feel bound to regard the NATO MRBM as a major issue of defence policy bearing upon Canada's future participation in NATO. Again, this is a political rather than a military question.[51]

F.R. MILLER
Air Marshal

4e PARTIE/PART 4

VISITE DU SECRÉTAIRE GÉNÉRAL DE L'OTAN À OTTAWA, 17 JUIN 1960
VISIT OF SECRETARY-GENERAL OF NATO TO OTTAWA, JUNE 17, 1960

194. DEA/50103-B-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 1603 Paris, June 13, 1960
SECRET. CANADIAN EYES ONLY. PRIORITY.

VISIT OF SECRETARY-GENERAL TO OTTAWA

I called on Mr. Spaak and some of his immediate advisers to try and get a better insight of the pessimistic mood of this otherwise comfortable and energetic man. The following analysis may have some relevancy:

(a) As a Belgian Spaak agrees with de Staerckes' view (paragraph 5 our telegram 1561 June 9)† that in present circumstances Belgium might find more profit in a policy of neutrality than in continuing to be an active member of the Alliance with little say in its decisions but full responsibilities for its actions. He recalls that before the Second World War — and he was intimately connected with these developments Belgium was led to neutrality because of lack of leadership and decision from its more powerful friendly neighbours. This experience has profoundly marked Mr. Spaak and he detects in the present situation certain elements which he

[51] Pour les développements ultérieurs, voir la partie 7.
For subsequent developments, see Part 7.

found in the mid-30s. He told me that any Belgian political leader could sweep the country with a neutralist platform;

(b) As a European and an [architect] of the Treaty of Rome the Secretary-General cannot repeat not submit to the type of leadership which is now given to Little Europe by President de Gaulle and echoed by Chancellor Adenauer. While fully in favour of a Franco-German rapprochement, it is his considered view that too continental a lead from Paris and Bonn is not repeat not in the best interest of nor is it acceptable to countries like Italy, Belgium and The Netherlands. He also points out that left on its own, this bloc cannot repeat not and will never be able to resist Soviet pressures. This leads him to be critical of the UK, whose policies on the one hand have led continental Europeans to build up a truncated Europe, while attempting on the other to maintain a privileged position in Washington which in itself does not repeat not add much weight to the defence of Europe as a whole. He is naturally bitter over the line taken by de Gaulle on most NATO issues and is concerned lest if de Gaulle continues to be strongly supported by Washington on prestige matters the Alliance will be weakened considerably;

(c) As Secretary-General of NATO Mr. Spaak feels that the Alliance may be rapidly slipping into its pre-Suez position when political consultation among the major and smaller allies was very meagre. He is particularly wroth at foreign ministers of the USA, UK and France who in Washington a fortnight ago met together to discuss problems affecting NATO. He is clear in his mind — and is aware of the strong line taken by Canada on this issue — that any type of political directorate institutionalized or unavowed would likely spell the end of political consultation in NATO. Here he feels that in practice if not repeat not in theory Washington is giving in to the French. He does not repeat not understand how it is possible for Washington on the one hand to get closer and closer to de Gaulle's views on a directorate and on the other fairly passively to submit to de Gaulle's lack of cooperation on nuclear developments and generally in the field of military integration in NATO. This he partly attributes to a failure of American leadership since the death of Mr. Dulles and is aware that such leadership cannot repeat not be expected for another several months. Meantime in his view the Soviet are making progress on several fronts, mainly in the field of propaganda as reflected in Belgium (see "A" above.) Thus the Secretary-General finds himself in the uncomfortable position — a position of which he is well aware — of being highly critical of the three leading powers in the Alliance. He also knows that for a variety of reasons he cannot repeat not rely on Bonn.

2. Spaak is also aware that at the root of the matter lies the atomic policy of the Alliance. At present there is no repeat no coordinated policy, nor does he see his way clear — at least for the time being — to formulating one that might prove acceptable to all including the USA, UK and France. He is disturbed about developments in the field of MRBMs as a result of Mr. Gates' proposal of April 1.[52] He is satisfied in his own mind that the military requirements for the setting up of a considerable number of Polaris in continental Europe must be met in order to face the Soviet threat. On the other hand, he cannot repeat not reconcile himself to a formula whereby those weapons would be distributed by SACEUR on a bilateral basis to those countries of the Alliance willing to accept them, thus further pushing France in its atomic nationalistic isolation and upsetting the atomic equilibrium in continental Europe.

3. These seem to be the main preoccupations of the Secretary-General at present. Whether or not repeat not he will raise them all in Washington during his visit there is difficult to say. He told me that he felt very strongly about the directorate and the Gates proposal and that he would discuss them with the State Department.

4. Most of my colleagues believe that the Secretary-General is overly pessimistic. Before giving my own interpretation I think a distinction must be made: if NATO powers are satisfied

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[52] Voir/See document 186.

with developments in the military and political fields during the last 12 months or so, including preparations for the Summit meetings, then I agree with by colleagues that Mr. Spaak is in the dumps. If however an attempt is to be made "to build higher on strong foundations," as the Prime Minister suggested at Depauw University, then the Alliance will need a very serious shot in the arm.[53] I can only see this coming about as a result of a better understanding in the field of atomic weapons. The stakes are so high, particularly as between the USA, UK and France but indeed among all of us, that they can only be considered in the end at Heads of Government level. Hence the importance of the Prime Minister's proposal.

[JULES] LÉGER

195. H.B.R./Vol.3

Note

Memorandum

SECRET [Ottawa], June 20, 1960

CONVERSATION WITH MR. SPAAK — I

Following is a brief summary of the main points made by Mr. Spaak in a meeting in Mr. Green's office at 10 A.M. on June 17:

(a) Mr. Spaak drew attention to the absence of real consultation in NATO on disarmament. He said that the five Western members of the Ten Nation Committee in Geneva were acting independently of NATO and were not taking their NATO partners fully into their confidence. In this way, the Western Five were guilty of exactly the same failure of consultation as was the so-called directorate of the U.S., U.K. and France. He thought it unfortunate that there had been no serious discussion in the NATO Council on the latest Soviet disarmament plan.

(b) Mr. Spaak emphasized the importance of avoiding a clash over disarmament between the United States and its Western partners in the Geneva negotiations. He thought that United States opinion was in a delicate state as a result of so many recent setbacks and he was afraid that unless the members of the Alliance stood together, isolationist tendencies might appear. He estimated that unless United States forces in Europe were equipped with atomic weapons on terms satisfactory to the United States, the United States might become impatient with its commitment in Europe, with the consequential danger that the Germans would assume military domination in Europe. Mr. Green said that he did not think that the withdrawal of United States forces was likely.

(c) Mr. Spaak was critical of Western policy in the Geneva disarmament negotiations. He thought that there should be much more emphasis on control and less on atomic disarmament. When Mr. Green said that emphasis on control and reluctance to take some forward steps in disarmament would place the West in an impossible position in the United Nations General Assembly, Mr. Spaak said that he still believed that the West could have a respectable position if, while insisting on control as a basic element in Western policy, the Western countries made known their willingness to discuss certain schemes such as "open skies" and zones of inspection. Such a position would not be spectacular but he thought it would be more realistic.

(d) Mr. Spaak also thought that consideration should be given to setting up two sub-committees in Geneva — one to study the Soviet and the other the Western plans — and that later the sub-committees might be merged in an effort to see what amount of common agreement might be reached. Mr. Green indicated that this idea might be worth considering.

[53] Voir/See Canada, Department of External Affairs, *Statements and Speeches 1959-60*, No. 60/21.

(e) Mr. Spaak called attention to the incompatibility of, on the one hand Western efforts to bring about the abolition of nuclear weapons in the disarmament talks, and on the other the current pre-occupation in NATO to equip NATO forces in Europe with Polaris missiles. He thought that this inconsistency carried real dangers for the Western negotiating position.

196. H.B.R./Vol. 3

Note

Memorandum

SECRET [Ottawa], June 20, 1960

CONVERSATION WITH MR. SPAAK, JUNE 17, 1960 — II

A meeting with Mr. Spaak was held in the Prime Minister's office, Room 309, House of Commons at 12 noon on June 17. Present on the Canadian side were the Prime Minister , Mr. Green, Mr. Fleming, Mr. Pearkes, Mr. O'Hurley, Mr. N.A. Robertson, Mr. F.R. Miller, Mr. Jules Léger, Mr. C.S.A. Ritchie, Mr. H.B. Robinson. Mr. A. Saint-Mieux was with Mr. Spaak. The discussion lasted for just over one hour and was continued at lunch in the New Zealand Room. After lunch there was a further meeting lasting 30 minutes in Mr. Green's office. The following is a summary of the main points of the discussion.

The Gates Proposals

Speaking of his recent talks in Washington,[54] Mr. Spaak said that he had been attempting to find a formula to overcome the difficulties raised by the French Government's attitude. He was anxious to avoid a situation in which France, by reason of its refusal to accept United States nuclear warheads on French soil, would be excluded from the countries which would acquire Polaris missiles. He had suggested to Messr. Dillon and Gates and to the United States military authorities that it might be possible to reach a compromise whereby European countries other than France, would receive what he termed as "NATO Polaris missiles" and France by special arrangement would acquire some of the same weapons without nuclear warheads. In reply to the Prime Minister's question, Mr. Spaak said he did not know whether France would be willing to accept such an arrangement. Nor did he know whether he had convinced United States authorities of its feasibility. He had, however, been given an assurance that it would be seriously considered.

Mr. Spaak emphasized the urgency of reaching a NATO decision on the Gates proposals. He had been told in Washington that the United States authorities wished for production reasons to have a decision by September 1, 1960. He told the Prime Minister and Mr. Pearkes in reply to their questions that he had so far refrained from placing the Gates proposals on the Council's agenda because he was quite certain that as soon as the discussion started, the difficulties over French policy would immediately expose the impossibility of reaching agreement. He had been searching informally for a compromise which would meet the French position and permit a decision to be taken by the Council.

NATO Consultation

Mr. Spaak deplored the tendency toward a three-power directorate, which had most recently been manifested in the communiqué issued by the Foreign Ministers of the U.S., U.K. and France at the time of the last SEATO meeting. He had spoken to the United States

[54] Voir/See *Foreign Relations of the United States 1958-1960, Volume VII* (Washington: United States Government Printing Office, 1993), documents 258, 259.

authorities of his concern and they had acknowledged that the communiqué had perhaps been a mistake. Mr. Spaak thought that President de Gaulle had made considerable progress in achieving a special position of equality in consultation with the United Kingdom and the United States. He thought it most unwise of the United States to have allowed this situation to develop. It was having a very bad political effect among the smaller NATO countries. Moreover, the failure of the three powers to reach agreement among themselves, e.g. on disarmament, proved in his opinion the futility of a so-called directorate.

At the Prime Minister's request, Mr. Spaak reviewed the progress in NATO consultation since the time of the report of the Committee of Three in 1956.[55] Mr. Spaak said that the machinery for consultation was adequate; the weakness lay with member governments and particularly with the major powers. There had been good and bad periods in recent months. The pre-Summit discussions had been unusually good. Examples of the failure of consultation were, however, more frequent. He gave as examples the three-power announcement that the March 16 proposals on disarmament would remain the basis of Western policy in the resumed Geneva negotiations,[56] and the failure of the three powers to inform other NATO countries of the receipt on May 8 of a Soviet note addressed to the French Government on the subject of Berlin. Mr. Léger recalled the explanation given by the French Representative in the NATO Council on June 15 (NATO Paris Telegram No. 1632). Mr. Léger said that the Soviet proposal had been communicated informally by the French to the United States[57] and the United Kingdom and Mr. Spaak agreed with the Prime Minister that the explanation given by the French was a poor justification of a failure to consult.

Mr. Spaak returned to the point which he had made in an earlier meeting with Mr. Green that the problem of consultation applied not only to the three powers but equally to the Western Five in the Geneva disarmament talks. The weekly report which the Council received from the Western Five was an agreed report which fell far short of adequately reflecting the conflicting currents of opinion among the Five in Geneva. As a result the discussions on disarmament in the NATO Council had been of very limited value. There had, for instance, been no serious discussion of the latest Soviet proposals. Mr. Spaak thought that since there were evidently important differences between the United States and France with regard to the Soviet proposals, it was extremely important that the NATO Council should discuss the matter.

In the meeting in his office after lunch, Mr. Green expressed sympathy with Mr. Spaak's point of view and there was discussion of the procedure which might be employed to initiate a substantive examination of the current disarmament problem in the NATO Council. Mr. Green enquired whether Mr. Spaak, as Chairman of the Council, would consider calling upon the Western Five to cooperate in a serious discussion of disarmament. Mr. Spaak replied that he was tempted to do this but that he would like to be sure that member countries would clearly state their positions and not take refuge in evasive general statements. Mr. Léger suggested that perhaps the most effective means of getting such a discussion started would be for Mr. Spaak to ask a series of questions to which member governments might reply after consideration.

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[55] Voir volume 22, chapitre III, 3e et 5e parties./See Volume 22, Chapter III, Parts 3 and 5.

[56] Voir la note des États-Unis à l'Union soviétique, 7 juin, reproduite dans « Text of the U.S. Note », *New York Times*, 8 juin 1960, p. 4.
See the U.S. note to the Soviet Union, June 7, printed in "Text of the U.S. Note," *New York Times*, June 8, 1960, p. 4.

[57] Voir/See *Foreign Relations of the United States 1958-1960, Volume IX* (Washington: United States Government Printing Office, 1993), document 154.

Future of NATO

In reply to Mr. Fleming's questions Mr. Spaak listed the major problems which were causing him concern at this stage in NATO affairs:

(a) the differences within the Alliance on disarmament policy;

(b) the difficulties of reaching agreement on how to deal with the Gates proposals;

(c) the current weakness in the diplomatic position of the United States;

(d) the trend towards neutrality among the smaller NATO countries.

When the Prime Minister referred to the need for a study of the next ten years in NATO, Mr. Spaak said that he intended to make a statement shortly in the Council and had in mind that the subject should be discussed at the December Ministerial Meeting. He pointed, however, to the difficulties of sketching a long-term plan at a time when the Alliance lacked a common policy both on atomic matters and on disarmament.

Mr. Robertson drew attention to the link between the Western position on disarmament and the atomic policy of NATO. His personal preference was for a deferment of a NATO decision on the Polaris. This would admittedly involve a risk in terms of defence capacity but he thought it was a risk which had to be taken if the West seriously wanted an agreement on disarmament. The basic military doctrine on which NATO defence policy was founded had been enunciated as much [as] six years ago at a time when the balance of power in both atomic and conventional weapons had been significantly different from today. He thought that the addition of the Polaris might further disturb the atomic equilibrium between East and West. He wondered, moreover, whether the West should consider a reversal of its policy hitherto, by making a declaration of its intention not to be the first to use nuclear weapons.

Mr. Spaak agreed that the Polaris, if adopted and installed in NATO countries, would constitute a significant accretion to NATO defence capability. He emphasized that he considered its introduction to be essential.

Disarmament

Mr. Spaak several times expressed his concern over the readiness with which some Western governments, including Canada, were responding to the proposals for nuclear disarmament in the first stage of the latest Soviet plan. He thought it unquestionable that the Soviet Union in advancing its latest proposals was persevering in its long standing attempt to bring about the elimination of United States bases in Europe and the consequent withdrawal of United States troops. With this objective in view the Soviet Government had introduced a number of elements, some of which were designed to appeal to the Western side and others to drive a wedge between individual Western governments. He could not see what the West had to gain from nuclear disarmament in an early stage. The terms which the West could offer for nuclear disarmament would certainly be of no interest to the Russians, and the priority which Canada and France appeared to be willing to give to atomic disarmament was dangerously inconsistent with the plans being considered for the strengthening of NATO defences. He favoured a much greater concentration on eliciting a clearer idea of how far the Soviet Government was prepared to go on the issue of control. In the meantime he could see no objection to the West's offering to discuss such limited measures as "open skies" or zones of inspection. Asked for his ideas on how the disarmament talks in Geneva might be more effectively managed, Mr. Spaak suggested the establishment of two-sub-committees — one to consider the Soviet plan and the other the Western — the two to be merged at a later stage with a view to determining possible areas of agreement.

Mr. Green said that the Western and particularly the Canadian position in the General Assembly would be indefensible unless it contained some significant advances on the original Western plan of March 16. Emphasis on control would be equally bad from the point of view

of Assembly tactics. Mr. Green emphasized, however, that the Canadian Government was seriously concerned not merely with propaganda objectives but with the achievement of real progress towards disarmament. In reply to Mr. Spaak's question as to the conditions on which Canada would be prepared to enter a disarmament agreement, Mr. Green said that the Canadian Government sought an agreement on as wide a basis as possible. He was not prepared to dismiss the latest Soviet proposals simply because they contained some unacceptable elements. The prospects for disarmament could be fully explored only through serious negotiation with Soviet representatives. If the negotiations failed, the Western side would at least have demonstrated its good faith and as a result be in a better position to defend itself in the General Assembly. Mr. Green indicated that he was attracted by Mr. Spaak's suggestion for sub-committees in Geneva although he feared that the Western side might be accused of delaying tactics if it were to propose such a suggestion.

Canadian Forces in Europe

Mr. Pearkes said that questions were being raised in Canada as to the real necessity for the maintenance of Canadian air and ground forces in Europe. He wondered what the Secretary-General's reply to such questions would be, bearing in mind the relative military contributions of other NATO countries. Mr. Spaak said that both militarily and politically he regarded the presence of Canadian forces in Europe as "absolutely essential." It was true that the nature of the Soviet threat was changing and that as time went on NATO would be bound to concern itself increasingly with countering Soviet pressures in, for instance, the economic field. It was also possible that with the acquisition of such weapons as the Polaris, the nature of NATO military requirements might alter over the next three years but there was no ground in present circumstances for a change in the composition of NATO ground and air forces in Europe.

During a discussion at lunch on the projected employment of the Polaris missile, Mr. Pearkes said that if one year ago the Canadian Government had known of the Polaris, it might have seriously considered acquiring it instead of adopting the F-104. Mr. Miller noted that while the Polaris was intended for use against fixed targets, it was not considered to be as effective against "fleeting" targets such as moving vehicles, troop concentrations, etc. Hence the continuing need for aircraft in a strike role.

NATO Heads of Government Meeting

The only discussion of a possible Heads of Government meeting took place at lunch. The Prime Minister explained to Mr. Spaak that in advancing this idea recently he had not intended to suggest that such a meeting should be held in the immediate future. He was convinced of the importance of full preparation particularly in connection with the study of NATO's future. He thought that once the necessary preparations and studies had been completed, it would then be useful to convene a meeting at Heads of Government level. Mr. Spaak indicated general agreement with the Prime Minister's remarks but said that he did not expect that it would be possible to contemplate such a meeting until perhaps the spring of 1961.

5e Partie/Part 5
INFRASTRUCTURE

197. DEA/50104-40

Le ministre des Finances
au sous-secrétaire d'État, département d'État des États-Unis

Minister of Finance
to Under Secretary of State, Department of State of United States

CONFIDENTIAL [Ottawa], December 14, 1960

Dear Doug [Dillon],

Yesterday I spoke to you about the negotiations now taking place on cost sharing for NATO infrastructure. The Canadian position is as follows.

In the first NATO infrastructure programme (1950) the United States took a large share of the load: 48.1%. Canada, at 4.43%, bore a share roughly comparable with the United States, in terms of population, but quite high in terms of national income. (In terms of national income, other countries bore a somewhat heavier share: e.g. France, 21.52% and U.K. 17.72%, but of course they reaped economic benefits from the expenditure.)

Since then, Germany has come in as a contributor (and beneficiary) and certain weaker European countries, which were originally left out of the cost sharing arrangement, have become contributors. The United States has insisted, from time to time, that its proportion was too high. As a result of these developments the United States now pays only 36.98%. Canada, at 6.15%, is far too high, both in relation to the U.S.A., and also in relation to other (beneficiary) countries including U.K. (9.88%), France (11.87%) and Germany (13.72%).

About a year ago the U.S. warned that they wished to reduce their share still further. Since that time Canada has given repeated warnings, both to the Infrastructure Committee and to the U.S. directly that, if the U.S. share came down, the Canadian share would have to come down *pari passu*. These warnings have gone unheeded.

The U.S. has been proposing that their share should be reduced from the present 36.98% to 25%; more recent proposals, made in NATO Council yesterday (December 13), are that the U.S. should come down to 29.48%, with Canada's share remaining unchanged at 6.15%. From Canada's point of view, any such proposal is completely unreasonable and unacceptable.

This point is emphasized by reviewing the trends between the 1950 scale and the present scale. Since that time the proportionate burden of U.K. and France have both *fallen* by about 45%. That of the U.S. has *fallen* by 23%. That of Canada has *risen* by 39%. It was proposed yesterday in the NATO Council that there should be a slight increase in the burdens of U.K. and France and that the burden of U.S. should be reduced to 45% (instead of the 48% requested by U.S.A.) below 1950, but that Canada's share should be left unchanged. Such an arrangement could not possibly be explained or defended in Canada.

Canada would have been willing to allow the present arrangement, unfair though it is to Canada, to continue. But if the United States proportion is to come down Canada's proportion *must* come down *pari passu*.

Yours sincerely,
DONALD M. FLEMING

198. DEA/50104-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 3356 Paris, December 17, 1960

SECRET. EMERGENCY. PRIORITY.

Repeat Washington, London (Priority) (Information).

NATO INFRASTRUCTURE COST-SHARING

Please transmit following message at 9.00 a.m. Ottawa time to Honourable Donald Fleming.

1. Contrary to our expectations Spaak proposed in Council yesterday that a meeting of Finance Ministers should be held this a.m. in a final effort to resolve infrastructure impasse. Since Lloyd and you were not repeat not here Spaak's proposals was finally abandoned. Lord Home approached me after the meeting. He indicated that a great deal of effort had been made behind the scenes to reach some acceptable formula which would meet not repeat not only USA desire for reduction but our own. Final agreement he thought might be reached if Canada were willing to move from strict adherence to *pari passu* relationship in Cda-USA reductions.

2. Subsequently Steele attended a dinner for Finance Ministers at which the subject was pursued further. Canada was approached with following new proposals which so far as we can be certain command the support of other delegations. In essence these proposals by Secretariat indicate that American share would now be reduced only to 30 percent rather than 29 percent as originally proposed. Canada would have its share reduced to 5.15 and the only other reduction would be that for Belgium of .15. In this proposal seven other countries would share offsetting increases, the largest being German increase of 6.28 which would bring their share to 20 percent. There are increases for Norway .18, Italy .36, Denmark .24, France .13, Netherlands .32, UK .62. This new proposal comes very close to *pari passu* reduction which we have been seeking with the Americans in re-arrangement of infrastructure sharing. Your officials believe this may be the best compromise arrangement which we will be able to reach and I would hope that you could give us your instructions today.

3. I propose to have Steele call you at 9.30 a.m. Ottawa time.

H.C. GREEN

199. DEA/50104-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 3374 Paris, December 20, 1960

CONFIDENTIAL. PRIORITY.

Reference: Our Tel 3356 Dec 17.

Repeat CCOS, DM/DND, DM/Finance Ottawa (Priority) from Ottawa (Information).

By Bag Ankara, Athens from London.

INFRASTRUCTURE REQUIREMENTS 1961-64

At last meeting of Council before Christmas break this a.m. December 20, draft decision concerning size of infrastructure programme for next four years was considered. Text is set out in document RDC/60/429 which with minor revisions is same text as that forwarded in our telegram 3340 December 15.†

2. [I]t might be useful for your records to set out very briefly the course of developments over the past ten days. Press of meetings and preparations for Ministerial Session made it impossible for us to give you a day-by-day account. In the three or four days just preceding arrival of ministers, permanent representatives met in private for something over twenty hours to haggle over the size of infrastructure programme and cost-sharing arrangements. Every effort was made, especially by USA delegate, to find a basis for agreement on both scores which would avoid necessity of referring the matter to ministers. After their arrival ministers themselves were involved in informal discussions on this subject. Mr. Fleming e.g. discussed it with both Dillon and Anderson and set out Canadian position in a letter to Dillon. As a result of the rather hectic meetings of Council in private session and of endless meetings in smaller groups, it seemed that an agreement was in sight on cost-sharing formula and that text in RDC/60/429 covering size of the programme would also be acceptable. As you are aware, we were given authority as the result of a phone conversation with Mr. Fleming to accept a Canadian share of 5.15 percent and to agree to text on size of the programmable. At this point, which was on Saturday afternoon December 17, cost-sharing package became tied and untied, it seemed about once every hour. The main difficulty was with Turks who demanded that their share be reduced from 1.75 percent to 1 percent. We understand that by late Saturday night they were bargaining coldly their willingness to stay at 1.75 percent against acceptance by Council of their resolution on aid to less-developed member countries. This was the situation when subject came up late in Ministerial Session on Sunday afternoon. Turkish resolution with respect to aid to less-developed member countries was accepted (our telegram 3362 December 18).† Then to the horror of International Staff Turks welshed on their bargain and refused to stick at 1.75 percent. At this point Greek Foreign Minister intervened to indicate that if Turkey achieved a reduction it would be politically essential for Greece also to have its share reduced. In the circumstances, there was no repeat no alternative but to pass cost-sharing problem back to Council. It seemed that agreement however still existed on text with respect to size of the programme.

3. There was a tendency at Council this a.m. to give formal approval therefore to RDC/60/429 with minor textual amendments, details of which are included in a following telegram. Intervention of German representative however cast some doubts of even this possibility. He was under instructions to get agreement to a change in paragraph 5 which would have the effect of Council agreeing with German interpretation of how savings might be brought forward from earlier slices whereas at the moment Council simply takes note of German delegates understanding on this point. This intervention brought immediate protests from Belgian, UK, Norwegian, USA and Canadian delegates, all of whom argued essentially that their authorities were prepared to accept present text barring amendments of substance and that one amendment of substance would necessitate a complete renegotiation. USA representative said that his authorities were prepared to accept German interpretation of protest which would be used to bring savings forward but were not repeat not prepared to bind themselves to such an agreement as the new German wording would involve. Secretary-General finally proposed adoption of text as amended, with a German reservation. If this reservation is not repeat not lifted, Council will take the matter up again at its next meeting January 11. Amendments are those referred to above, to be included in a following telegram.

4. French representative underlined intention of his authorities as set out in paragraph 4(c) of document RDC/60/429; French position he explained was essentially a reservation on any automatic re-programming of savings. We took the opportunity to outline main points contained in your telegram DL-1402 December 16.† We said that while we wished these points to be on the record, we would not repeat not press them if existing text proved to be the only basis upon which full agreement could be reached. Our point of view will appear in Council's records.

5. Very brief attention was given to question of cost-sharing. USA representative thanked both Secretariat and all delegates for the very real efforts which had been made to find an acceptable cost-sharing formula. He thought that real progress had been made and that a final solution could be found. It was decided that international staff should continue its efforts to find a solution for presentation to Council early in new year.

200. DEA/50104-40

Direction des Affaires économiques et internationales, ministère des Finances à la 1ère Direction de liaison avec la Défense

Economic and International Affairs Division, Department of Finance, to Defence Liaison (1) Division

[Ottawa], December 27, 1960

Dear François [Houde]:

As you know I had planned to do a report for the information of officials concerned with infrastructure here in Ottawa on the discussions concerning the future NATO Infrastructure Porgramme at the Ministerial Meeting. In the meantime, however, a fairly detailed report has come through from the Delegation in telegram 3374 of December 20. There is, therefore, no need for me to duplicate this report. There are, however, a few additional points of interest which it might be useful for me to set out for the record.

First of all, I noticed from the telegrams which have come back to Ottawa on this subject that nowhere has there been a complete statement on the compromise cost-sharing formula proposed by the International Staff. For your information I have attached at Annex, a table showing the current formula, the changes proposed and the resulting compromise.† It should be noted that, from information we received in Paris from the Dutch Delegation, it appears the four smaller European countries which pick up increases in this compromise may wish to re-adjust the distribution of increases among themselves. This will be a matter affecting only these four countries, however, and will not have any bearing on the acceptance of the formula by other countries.

I have also attached a copy of the letter sent by Mr. Fleming to Mr. Dillon on December 14, setting out the firm Canadian position with respect to Canadian share of the future infrastructure programme.

Another point of some interest was the discussion which Mr. Steele and I had with Ralph Churchill concerning the background of the draft resolution on the size of the future programme. You will recall that certain comments on this resolution were forwarded to the Delegation in telegram DL-1402 of December 16th.† The resolution was the result of many hours of negotiations by permanent representatives and the infrastructure advisors of the various delegations and represents a delicately balanced compromise in which practically every sentence is of the utmost importance at least to one delegation. There are therefore good reasons for the Delegation's acceptance of the paragraphs questioned in telegram DL-1402. In

this regard, the following comments were made by Ralph Churchill and seemed to me to be valid.

(1) With respect to paragraph 3 of the resolution the wording here is identical to a similar paragraph included in the agreement on the cost-sharing for Slices VIII – XI. The phrase questioned by DL-1402 applies to the Special Committee agreements.

(2) The French position noted in paragraph 4 (a) will indeed have the effect of requiring the Military authorities to re-examine Slice XII. At the Council Session on Saturday, December 16 Mr. Spaak pointed this out and there were no objections from either delegations or military authorities to this statement. It should be kept in mind that with the very difficult line taken by the French on the air defence ground environment project, Slice XII is effectively reduced to less than £60 million already.

(3) The position taken by Germany on savings is, I agree, neither administratively desirable nor from Canada's point of view financially advantageous. However, here again this represents a balance of compromise between the U.S. and Germany. The U.S. has pointed out that it is willing to accept the German position. By their acceptance they in effect add several percentage points to their future infrastructure contribution. Since Germany and the U.S. will between them pick up 50% of the future programme it would not seem reasonable to urge this point further.

(4) Finally, with regard to the last paragraph of the resolution it appeared to Churchill that this paragraph adds nothing to the resolution since it can be interpreted in several ways. This position is apparently shared by the U.K. Delegation but since the U.S. Delegation was under firm instructions to press for its inclusion it seemed reasonable to accept it. Certainly the U.K. Delegation does not consider that the inclusion of this paragraph prevents an attempt at a later date to include any necessary MRBM facilities within the £250 million programme.

It appears that the resolution will now be accepted as drafted. Should this become impossible I would agree that some of our amendments should be pursued. If however the compromise is accepted by other countries I consider that we should not push our amendments any further.

Finally, you may be interested in the fact that the press representatives in Paris obviously received a great deal of information about infrastructure negotiations since on several occasions Mr. Green was asked searching questions on this subject at his press conferences. In answer to these questions Mr. Green pointed out that Canada considered the arguments used by the U.S. to be equally applicable in our case and that we were requesting a reduction in our percentage as well. As far as I have been able to ascertain this reply has not found its way into the press but I cannot be certain on this point. I gather Mr. Green intends, if asked in the House about this subject, to make a reply at that time along similar lines to those used in reply to press questions.

Yours very truly,

J.A. MACPHERSON

201. DEA/50104-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 120 Paris, January 19, 1961

CONFIDENTIAL. PRIORITY.

Reference: Our Tel 3374 dated Dec 20/60.

Repeat DM/Finance, DM/DND, CCOS (Priority) from Ottawa, Washington, London, Bonn (Information).

INFRASTRUCTURE REQUIREMENTS 1961/64

The Secretary-General has addressed a letter to all permanent representatives enclosing a proposed infrastructure cost sharing formula for Slices XII to XV. The Secretary-General proposes that "Council agree:

(a) that the cost-sharing for Slices XII to XV will be as follows:

Country	*Percent*
Belgium	4.24
Canada	5.15
Denmark	2.87
France	12.00
Germany	20.00
Greece	0.67
Italy	5.97
Luxembourg	0.17
Netherlands	3.83
Norway	2.37
Portugal	0.28
Turkey	1.10
UK	10.50
USA	30.85
	100.00 percent

(b) that where savings and/or contingencies from Slices II through XI are used for the re-programming of projects deleted from these slices, or for the programming of new projects, such savings and/or contingencies shall be cost-shared according to the formula of the programme from which they have been derived;

(c) that these suggestions refer only to the infrastructure programme for Slices XII to XV and the expenditures which it was agreed by the Council should be financed according to this formula, and in no repeat no way imply a new cost-sharing formula with regard to other fields of common financing, either at present or for the future."

2. This new proposal differs from the formula which was almost accepted during the Ministerial Meeting by a proposed reduction for Turkey from 1.75 percent to 1.10 percent and by a proposed reduction for Greece from .87 percent to .67 percent offset by an increase in the proposed USA contribution from 30 percent to 30.85 percent. We understand from the

infrastructure adviser in the USA delegation that the Secretary-General's proposal is being recommended to Washington and it is felt that this formula can be accepted by USA if, as appears likely, it can be accepted by other members.

3. If the USA accepts the new proposed figure of 30.85 percent this will represent a reduction of 16.576 percent on the cost-sharing formula which covers Slices VIII to XI where USA share was 36.98 percent. If the same percentage reduction is applied to our contribution of 6.15 percent our share should be 5.13 percent. In other words the proposed increase for the USA means that the 5.15 percent for Canada is extremely close to the one to six ratio which was our objective.

4. We are asked by the Secretary-General in his letter to confirm that the new formula is acceptable and we would appreciate your confirmation on this point as soon as possible.[58]

6e PARTIE/PART 6

EXAMEN ANNUEL
ANNUAL REVIEW

202. DEA/50107-L-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord
au sous-secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council
to Under-Secretary of State for External Affairs

SECRET AND PERSONAL Paris, February 19, 1960

Dear Norman [Robertson]:

Last Saturday SACEUR's presentation of the MC 70 country study on Canada was made to Mr. Pearkes. I attach for your information a copy of a memorandum prepared in the Delegation covering that presentation in part. The "facts and figures" making up the presentation are contained in a bulky document which was given to us after the oral presentation. A copy will be coming to you under separate cover.† I believe that this letter and its attachment, as well as the SHAPE document, should be treated with a great deal of discretion in the Department. The presentation was solely for the benefit of the Minister of National Defence and it will be his responsibility to make a direct reply to the Supreme Commander. The only involvement of this Delegation in the presentation was that of an interested observer. We were not encouraged to take soundings before the event nor to report officially on the presentation.

Perhaps Charles has already spoken to you about the presentation. I felt, however, that I should send you this memorandum so that you would be aware of what transpired. I believe complete responsibility, however, rests with Mr. Pearkes to inform his colleagues of the presentation and that any intervention by our Department at this stage would be unwise.

I thought that the whole exercise was most unfortunate; neither of the parties to the presentation could have been satisfied. Mr. Pearkes and General Foulkes expressed their dissatisfaction in no uncertain terms. I am sure that General Norstad's purpose in making these presentations is to convince the individual countries concerned of the necessity for solid

[58] La formule a été acceptée par le Canada.
The formula was accepted by Canada.

commitments to meet the planning objectives set in MC 70. I would say that he failed insofar as the Canadian presentation is concerned. He did explain a number of times during the presentation that it was based on a format used for all countries which was not particularly appropriate for Canada and the United States. It was not, however, only the format which was unfortunate. There was a lack of appreciation of the climate of political opinion in Canada and, even to a layman, the arithmetic of the presentation seemed shaky.

We were given to understand that the five other presentations which had been made prior to our own had been successful. I cannot confirm this appreciation from personal knowledge but I suspect that one of the successful features of the other presentations would be that section of the presentation setting out a need (and a hard figure) for external aid. Certain countries might well be willing to accept a certain amount of shaky arithmetic when the study contained an outsider's appraisal (i.e. the Supreme Commander's) of a need for foreign aid. Such a figure might well prove very useful in the dealings of individual countries concerned with Washington.

It is too early to estimate what effect these country studies when completed will have. Certainly they represent an attempt by the Supreme Commander to transform planning objectives into firmer commitments by governments. This in itself is a laudable objective viewed from here. Too vigorous an attempt in this direction however, without due regard to the political and economic realities in individual countries, may be self-defeating. Bearing in mind Mr. Pearkes' immediate reactions to the presentation, I hope the Canadian Government will not feel it necessary in the near future to make any public statements concerning its desire for a reduction in the brigade and the eventual withdrawal of four RCAF squadrons. An announcement of that kind in the near future would, I think, be most damaging to the general Western negotiating position at the summit and at the way-stations to the summit.

My understanding is that the Minister of National Defence will send his written comments on the country study to the Supreme Commander and that a paper including the Canadian comments will then go to the Standing Group and the Military Committee for study, followed finally by a paper prepared for the Council. Whatever procedure is followed there should be adequate opportunity for the expression of Canadian views. In the circumstances, therefore, I believe the document presented by the Supreme Commander is very much of a first effort and should not be thought of as having much status. It is for that reason that I believe it should be treated with a good deal of discretion within the Department. The final product, if it ever is presented, may well be very different.

I would be very much interested to know, in general terms at least, what Mr. Pearkes said to Cabinet about the presentation.[59] I would hope too that in any further steps taken in this matter of a country study the Delegation could be kept fully informed. Such information along the way will be the more important if at some stage some version of the country study is to be used during the Annual Review exercise and possibly come before Council for its consideration. I have given a copy of the attached memorandum to Captain Dickinson for transmission to Charles Foulkes.

Yours sincerely,

JULES LÉGER

[59] Il n'y a aucune trace de rapport détaillé sur cette réunion dans les Conclusions du Cabinet. La question n'a pas été abordée au Cabinet avant le 22 mars.
There is no record of any detailed report on this meeting in the Cabinet Conclusions. The issue was not raised in Cabinet until March 22.

[PIÈCE JOINTE/ENCLOSURE]

Note de la délégation au Conseil de l'Atlantique Nord pour le représentant permanent auprès du Conseil de l'Atlantique Nord

Memorandum from Delegation to North Atlantic Council to Permanent Representative to North Atlantic Council

SECRET [Paris], February 15, 1960

MC 70 COUNTRY STUDY — PRESENTATION BY SACEUR, FEBRUARY 15

SACEUR's presentation of the MC 70 country study on Canada was made to the Minister of National Defence at SHAPE Headquarters on February 15. Complete documentation on the presentation was given to us after the meeting (Document AG-1240/M&R-11/60 PROG). There is no use in attempting to summarize what we have in such complete form. The purpose of this memorandum is therefore to summarize the important points made by Mr. Pearkes and General Foulkes in the course of the presentation.

2, It was explained that the purpose of the country study was twofold:

(a) To acquaint all concerned with the nature and magnitude of the problems involved in implementing the quantitative requirements of MC 70 and the qualitative requirements of MC 55/1;

(b) to provide a reasonable basis on which to develop practical methods and procedures for meeting MC 70 goals and standards and for ensuring the best use of resources which are or may become available.

3. General Norstad pointed out several times in the course of the briefing that the format of the presentation was not particularly applicable for a country like Canada. For example, one of the important features of the presentation with the majority of the NATO members was an examination of the amount of external aid required by the individual country to assist in meeting MC 70 force goals. He emphasized as well that the study was not intended to be regarded as recommendations for actions by the governments concerned. The study was intended merely to outline, on the basis of the information available to SHAPE, the size and nature of the gap which existed between country efforts and MC 70 force goals.

4. At the outset of the briefing General Foulkes emphasized Canadian dissatisfaction with developments arising out of MC 70. MC 70 had been approved for planning purposes only. Yet each year recommendations were made by SACEUR for forces to meet MC 70 requirements and failure by a government to meet these recommendations was then listed as a shortfall for that particular country. In the Canadian view a requirement was not a requirement until it was accepted by the Canadian Government. It made no sense to list as a shortfall something which had never been accepted as a requirement by a particular government.

5. General Norstad admitted that MC 70 had been accepted only for planning purposes. For the first time, however, with the drawing up of MC 70, firm planning objectives for the Alliance had been established instead of the "blue skies" goals which had existed prior to MC 70. MC 70 therefore had some validity even if it was not accepted in detail by individual governments. It was essential to have some such yardstick. Every effort should be made to get from governments commitments to meet as many of the planning goals set in MC 70 as possible. Otherwise NATO planning would be chaotic, if not non-existent.

6. One section of the presentation was concerned with the required increase in Canadian military personnel for the period 1960-1964 to meet MC 70 requirements. An increase of 4710 army personnel was required of which some 3900 would be non-organic support personnel. Mr. Pearkes at this point said he was disappointed that such a presentation should be made by

the Supreme Commander. In the light of the grave emergency which existed at the time of the formation of NATO, Canada had made a maximum contribution of ground troops to Europe. It was Canada's expectation that, in due course, their contribution could be reduced when the European members of the Alliance were able to shoulder their full responsibilities. Now, 10 years later, any thought of an increase in the Canadian brigade was impossible to contemplate. He had come to this presentation with the hope, and indeed, the expectation, that the Supreme Commander would be able to indicate that the Canadian brigade could be decreased in strength by as much as one-third. He wished there to be no misunderstanding on the part of the Supreme Commander; not one additional Canadian soldier would be coming to Europe to meet this so-called gap in support personnel. If support personnel were lacking in the division, surely the Supreme Commander should be seeking additional personnel from the United Kingdom, which bore responsibility for support personnel. Mr. Pearkes went on to say that the provision of the brigade seemed to the Canadian Government a most uneconomical and indeed, extravagant method by which Canada could make an effective contribution to the Alliance. Because of the fact that Canadian forces were recruited on a voluntary basis, it was essential to make provision in Europe for dependents, schools, etc., all of which added to their maintenance costs. Mr. Pearkes reiterated his argument on this latter point at another stage in the presentation when it was revealed that the per capita cost of maintaining Canadian military personnel were the highest in the Alliance.

7. At that point in the presentation dealing with the increase of personnel for the Air Force, Mr. Pearkes told the Supreme Commander that the Canadian Government had assumed that upon the completion of the re-equipment of the eight RCAF squadrons in Europe with F104 aircraft, the other four AWX squadrons would be withdrawn. He said as well that so far as the Canadian Government was concerned, SACEUR's recommendation for an additional aircraft carrier from Canada was a non-starter. On several occasions in that part of the presentation concerning the increase of personnel costs, General Foulkes challenged the basis of SHAPE calculations. Further, he expressed the belief that costing operations of this sort were not the proper function of a military headquarters. SHAPE's arithmetic was not impressive even to a layman.

8. The next major intervention in the discussion by Mr. Pearkes came when it was suggested that over the next five years Canadian national defence expenditures might increase by some $747 million over the 1959 level. The arithmetic of this is all set out in the brief which was provided to us. Mr. Pearkes emphasized that SHAPE could have no grounds for any expectation of an increase in Canadian national defence expenditures over the next few years. Indeed, drastic cuts in defence expenditures were foreseen by the Canadian Government. In addition to the fact that defence expenditures were likely to be cut, the balance of expenditures by the Canadian Government was likely to change. It was the Canadian Government's belief that there was a declining threat posed by the Russians to Western Europe but an increased threat to North America. The Russians could only win a global war in North America. In these circumstances, it was only common sense that the amounts spent for defence purposes (out of a reduced defence budget) would increase for forces in North America and decrease for forces in Western Europe.

9. General Foulkes raised another point of substance in connection with the recommended build-up to 60 days ammunition supply for Canadian forces. He argued that he had challenged this build-up in the Military Committee and asked whether or not views put forward in that Committee had any effect on planning at SHAPE. General Norstad said that although both the Canadian and UK Representatives had entered reservations on this point in the Military Committee, MC 55/1 had not been modified and this had to be his guiding document. He went on to say that he did not agree entirely with everything in MC 55/1 but felt that he must be guided by the letter and the spirit of that document until it was formally modified. General

Foulkes commented that such a statement put him in an awkward position. Surely he could not be expected to recommend to the Canadian Government on military grounds requirements arising out of a document which the Supreme Commander himself was unwilling to support in every detail.

10. At the conclusion of the presentation Mr. Pearkes again emphasized the hope of the Canadian Government that it would be possible for SACEUR to recommend a reduction in both the Canadian brigade and the air division. The Canadian Government was clearly on the record in its support of NATO; there could be no doubt of this. Our brigade then was not required as a token of good faith. As a military unit it seemed to make little economic sense. This one brigade could not seriously affect the military posture of the Alliance and yet it was costing the Canadian Government a good deal more than a similar unit employed in Canada in the interests of the Alliance. General Norstad said that from the military standpoint it was most unlikely that the requirement for military forces in Europe could be reduced. Only if by a political means the free world could be given as much security as NATO forces had provided over the past ten years, could any reduction be contemplated. He had reduced forces substantially from the fuzzy standards which had been in vogue prior to the writing of MC 70. He could not reduce them further until the mission assigned to him had been changed as a result of achievements in the political field resulting in a decreased threat to the security of Western Europe. At this stage there was no such decrease nor did it seem likely that the threat would be decreased in the foreseeable future.

11. Finally, General Norstad said he wished the Minister to be in no doubt as to his, SACEUR's, real interest in maintaining the Canadian brigade and the Canadian air division in Europe.

12. It was agreed that further discussion between SACEUR and the Minister on the points raised in the course of the presentation would be continued in private.

J.J. McC[ARDLE]

203. DEA/50107-L-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs to Under-Secretary of State for External Affairs

SECRET [Ottawa], February 25, 1960

COMMENTS ON SACEUR'S COUNTRY STUDY ON CANADA

Mr. Bryce spoke to Mr. Pearkes this afternoon on this matter and was told that the session with General Norstad had turned out to be quite sticky. In the light of the statements in the draft country study Mr. Pearkes had felt it necessary to express fairly definite Canadian views and reservations. Mr. Pearkes indicated to Mr. Bryce that he plans to report on this situation to Cabinet within the next ten days.[60] At that time he will ask Cabinet to confirm the views which he expressed to General Norstad, or at least to reach agreement on other views that can be communicated to General Norstad.

[60] Voir le document précédent, note 59./See the previous document, footnote 59.

2. In line with a suggestion which I had made earlier, Mr. Bryce agreed that it would be very useful if, in the interval, you could arrange for a brief informal talk on this whole subject with General Foulkes and Mr. Bryce.

A.E. R[ITCHIE]

204. PCO

Note du ministre de la Défense nationale pour le Cabinet

Memorandum from Minister of National Defence to Cabinet

CABINET DOCUMENT NO. 82-60 Ottawa, March 18, 1960
SECRET

SHAPE MC 70 COUNTRY STUDY ON REQUIREMENTS — CANADA

1. In December 1956 the North Atlantic Council issued a Political Directive to the NATO military authorities and directed that a review of NATO defence planning be made in order to determine how, within the resources likely to be made available, the defence effort of the Alliance and of each individual member country could best achieve the most effective pattern of forces. From this review recommendations were made to Council, covering the minimum forces considered essential to implement the approved Strategic Concept of NATO. In May 1958, the North Atlantic Council approved for planning purposes "The Minimum Essential Force Requirements 1958-1963" (MC 70), subject to periodic reviews and accepted the country breakdowns set out in document MC 70 as guidance for the 1958 Annual Review. At that time it was pointed out to Council by the Minister of National Defence that acceptance of the country breakdowns as guidance for the Annual Review did not indicate that the Canadian Government was prepared to accept all the recommendations regarding additional or re-equipped forces to be supplied by Canada.

2. The "Resolution on Defence" of the North Atlantic Council at the Ministerial meetings in December 1958 invited the Secretary-General, in agreement with member governments and, if necessary, through visits to NATO capitals, to follow up the problems involved for each NATO country in the implementation of the recommendations put forward by the military authorities and the International Staff in MC 70 during the 1958 Annual Review. As a result of this resolution, the Secretary-General had discussions with the Supreme Commanders and Standing Group and he reported to Council in March 1959 that the military authorities would have to undertake a considerable amount of the preparatory work on how to close the gap between national defence plans and MC 70 requirements. In addition the resolution of the 1959 Annual Review adopted at last December's Ministerial meting noted that the planning goals indicated by the member countries in their replies to the 1959 Questionnaire frequently fell short of the minimum forces requested by the NATO military authorities (MC 70), and recorded the agreement of the Council that the overall evaluation of the results of the military studies should be completed and forwarded to the NATO Council not later than 1 May 1960.

3. SACEUR, in consultation with SACLANT and the International Staff, has now completed the MC 70 Country Study on Requirements for Canada (excluding Mutual Aid or infrastructure contributions) and has reached the following conclusions and recommendations:

"(a) *Conclusions*

(i) At current national defence expenditures, Canada is not likely to meet her MC 70 force requirements at the standards called for under the agreed "Military Planning Factors" (MC 55/1).

(ii) However, with a reasonable increase over the Fiscal Year 1958/59 level of national defence expenditures, it should be possible to reach the MC 70 force goals at the required standards.

(iii) It is considered that Canada has the economic capacity to make the appropriate increase in her national defence expenditures.

(b) *Recommendations*

(i) The Canadian authorities should be requested to make the appropriate increase in her current defence effort.

(ii) As resources become available they should be applied to the MC 70 requirements generally in the order and manner proposed by SACEUR."

4. The recommendations of the study would involve acceptance by the Government of Canada of a number of additions and adjustments to our military commitments extending over the next five years. It is estimated in the study that these would require substantial expenditures over and above the rate of expenditure in the current Fiscal Year. As a basis for the costing analysis this study has assumed that prices remain stable.

5. The study calculates that these adjustments and additions to present Canadian commitments could be covered if the Canadian Government increased its defence expenditures, from the level in 1959 which was taken to be $1,794 millions, to the following levels in subsequent years:

1960	$1,884 millions
1961	$1,917 millions
1962	$1,946 millions
1963	$1,970 millions
1964	$2,000 millions

6. The study assumes that if the Canadian Gross National Product continued to increase steadily by 4 per cent per annum the proportion of it that would have to be applied to defence expenditures in order to cover the gap would actually decline; in other words, while defence expenditures over the next five years would rise in the absolute, they would rise rather less rapidly than the assumed increase in the national income.

7. It is recommended that the attached memorandum be approved as the Canadian Government's comments on the MC 70 Country Study and that this memorandum be presented to SACEUR by our Ambassador to NATO.[61]

[G. PEARKES]

[61] Approuvé par le Cabinet le 22 mars 1960./Approved by Cabinet on March 22, 1960.

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

SECRET

COMMENTS OF THE CANADIAN GOVERNMENT ON THE
MC 70 COUNTRY STUDY OF CANADA
(AG 1240/MA&R-11/60 PROG DATED 4 JANUARY 60)

1. In nearly all the NATO countries defence expenditures now bulk so large that they involve high political judgments as well as military and economic judgments. The amounts which Canada will devote to defence in each of the coming five years will depend at least as much on political as on military and economic factors. Amongst the many influences at work will, of course, be the progress of disarmament talks, the results of Summit meetings, and similar matters. Accordingly it is scarcely sufficient to attempt to indicate possible levels of defence expenditures on the basis of simple assumptions about the growth of the Gross National Product and the proportions which, under hypothetical conditions, might be devoted to defence. In any case, such considerations, insofar as they are relevant, belong within the flexible and comprehensive framework of the Annual Review under the authority of the supreme North Atlantic authority — the Council.

2. It should be emphasized that Canadian commitments to NATO have always been expressed and conceived in physical terms — certain forces, equipped in certain ways, to be supplied on certain dates — and never in financial terms. (It has been repeatedly emphasized by the Canadian authorities that the means, including the financial means, by which these commitments are fulfilled must remain the responsibility of the Canadian Government.) With these considerations in mind, it is appropriate to comment in some detail, from a military point of view, on SACEUR's proposals.

3. When the Country Study was presented to the Minister of National Defence and the Chairman, Chiefs of Staff, SACEUR mentioned that the format was not particularly applicable to a country like Canada. The Canadian Chiefs of Staff agree with this view and consider that there has been omitted from this study an important part of the Canadian defence effort, namely, the Canada-US Regional Planning Group, which includes NORAD and ALCANUS. These defensive arrangements are all part of NATO and therefore any consideration of the Canadian defence effort should include both NORAD and ALCANUS. Additionally, and irrespective of the availability of funds, the Canadian Chiefs of Staff, for the reasons given in the following paragraphs of this memorandum, are not in complete agreement with the suggested additions and adjustments shown in Chart 7, page 54 of the MC 70 Country Study. (See Appendix "A"). It is considered further that the points raised in this study are also the points that have been raised previously in the 1959 Annual Review and these have been answered fully by Canada. The examination of the study has not changed the conclusions which were reached on these questions as given in the Annual Review.

4. In respect to the items included in the study in Chart 7, page 54, (Appendix "A"), the following specific comments are made:

(a) *Provision of 8 Strike Reconnaissance Squadrons*. The provision of the eight strike reconnaissance squadrons has already been undertaken by the Government. SHAPE has been fully informed, and we have been advised the SHAPE is recommending to the Standing Group that the appendix to MC 70 should be amended to show the eight strike squadrons replacing the present eight day squadrons.

(b) *Provision of Additional Escort Vessels*. The Supreme Allied Commander Atlantic is well aware of the situation in regard to the provision and replacement of escorts. This was fully discussed with the Supreme Allied Commander Atlantic on 3 March 1958, at the time the MC 70 recommendations were under discussions. It should be pointed out that Canada has maintained her naval force goals since the original agreement at the time of the Lisbon meetings in 1952. The reason we do not appear to meet the force goals in MC 70 is that SACLANT has changed the categories of ships and the time the ships are required since Canada accepted her early commitments. In accepting the commitment in 1952, the threat to the west coast was considered to be negligible and therefore, while some of the escort vessels were stationed on the west coast, where adequate facilities exist, it was considered feasible to move some of these ships to the east coast in time to meet our commitments to SACLANT. However the increased threat to the west coast and the changes in categories of the escort vessels create a new problem for Canada. The new conditions of categories require the ships to be immediately available in the area of operations, which means that of the 29 escorts earmarked for deployment on the east coast, four or five will always be in refit. This situation must be accepted if we are to continue to have the ships in a state of repair and modernization to be acceptable for combat. In assessing Canada's contribution to NATO in the maritime field, consideration should be given to the increased requirement for the defence of the west coast. For this purpose fourteen escorts and twelve maritime aircraft have been assigned to the west coast in addition to the 29 escorts and 40 maritime aircraft earmarked for operation on the east coast.

With regard to the obsolescence of thirteen of the present escort vessels, a program for replacing overage ships at the rate of about two per year is now in progress. While the present rate of replacing obsolete ships is not up to what SACLANT would desire, it will still bring the Canadian Navy up to a standard of modernization equal to any of the other NATO partners.

(c) *Provision of LACROSSE Battery.* As stated in the answers to the Annual Review, it is intended to provide the Brigade with four launchers and the necessary missiles for the support of the Brigade Group. Consideration was being given to the provision of LACROSSE. However, as the United States has now abandoned the developments of the modified LACROSSE missile system, and as improvements have been made to the HONEST JOHN missile, consideration is now being given to the provision of four HONEST JOHN launchers and the improved missile. It is expected that these units will be available in 1961 and 1962. This adjustment is in line with the recommendations of the Supreme Allied Commanders in SHAPE 154/59 of 29 December 1959.

(d) *Build-up to 30-Day Reserves (Navy)*. Provision has already been made to meet this requirement.

(e) *Provision of a Helicopter Carrier*. The provision of a second carrier has been repeatedly recommended by SACLANT but this recommendation has not been accepted by the Chiefs of Staff or recommended by them to the Canadian Government. SACLANT and the Standing Group have been advised on several occasions that Canada has no intention of accepting this recommendation and this was again pointed out during the briefing in Paris.

(f) *Provision of 4 All-Weather Fighter Squadrons to Replace 4 Squadrons of CF100's*. Whereas the Canadian Government has taken a decision to replace the eight squadrons of the F86's with F104 Strike/Recce aircraft, no program is contemplated to re-equip or replace the four CF100 All-Weather Fighter Squadrons. The Minister of National Defence made this clear to SACEUR at the time of the presentation of the Canadian Country Study.

(g) *Support for the Brigade Group*. The recommendation for Canada to provide complete national logistic support for the Brigade Group is not considered feasible. Arrangements were made with the United Kingdom for the peace and wartime support of the Brigade Group on a

similar basis as in the last war, whereby Canada would pay a capitation rate both in peace and war, for which the United Kingdom would provide our common user items. While it is realized that the present system appears to have some serious defects in operations, it does not appear to be either logical or economical to provide a complete logistic system from Canada to Europe to maintain a Brigade Group in a short war.

(h) *Replacement of 12 Fighter Aircraft on Carrier.* This item recommends replacement of twelve Banshee fighters in 1962. This recommendation is considered unrealistic in that the *Bonaventure* is not suitable for the operation of fighter aircraft of markedly higher performance than the Banshee. However, anti-aircraft defence by some other means is constantly under review.

(j) *Modernization of M-Day Units.* This recommendation appears to arise from a hypothetical proposal for modernizing equipment of the Brigade and does not take into consideration the modernization program which has been in effect since the Brigade has been in Europe. It should be pointed out that this Brigade Group is being kept equipped with the most modern equipment available and this situation is reflected in SACEUR's effectiveness reports.

(k) *Raising the Manning Level of M-Day Forces (ARMY).* The question of the deficiencies in manning has been fully explained in the answers to the Annual Review. As has been stated on previous occasions, the establishments for the units of the Brigade Group have been left on the basis of last war establishments pending the NATO study on the shape and size of ground forces for operations in Allied Command Europe. This study has been completed and therefore the establishments of the Brigade Group will be adjusted so that the units will be at one hundred per cent strength instead of the present eighty-five per cent. However it is not intended to increase the overall size of the Brigade Group.

(l) *Building up of 60/90 Days' Ammunition (RCAF).* The recommendations to build up to 60 and then to 90 days' ammunition reserves for the RCAF are not acceptable to the Canadian Chiefs of Staff and appear to have ignored the proviso which was placed in MC 55/1 regarding the provision of operational stocks beyond thirty days. The Canadian Chiefs of Staff do not agree in principle to the provision of more than thirty-day stocks until all the requirements for M-Day forces have been met. Further there are some doubts about the wisdom of expending funds on the building up of sixty and then to ninety days' ammunition reserves when no reserves of aircraft are planned, and therefore combat attrition will likely seriously reduce the size of the Air Division after the first few days of intensive operations.

205. DEA/50107-L-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 1962 Paris, July 21, 1960

SECRET. OPIMMEDIATE.

Repeat CCOS, DND from CCOS (OpImmediate) (Information).

MC 70 COUNTRY STUDY ON CANADA

There is included below the text of a letter dated July 20 to me from General Norstad concerning the MC 70 country study for Canada.

2. It strikes me that the two points of substance in the letter are (a) SACEUR's statement that contemplated Canadian government action with respect to the four CF-100 all-weather

squadrons was not repeat not the subject of discussion or consultation with SHAPE and (b) that the MC 70 country study on Canada was an analysis representing courses of action which, if taken, would reduce the so-called "gap" but did not repeat not constitute proposals or recommendations to the Canadian government.

3. Text of letter Begins: The comments of the Canadian government on the 1960 MC 70 country study for Canada, which were forwarded to this Headquarters by your letter March 24,† have been considered by my staff. Since most of the points raised have been discussed at one time or another by representatives of the Canadian authorities and this Headquarters, I feel that it is not repeat not necessary to repeat the general comments which have already been made by SHAPE and which are well known to you. I assure you, however, that the comments of your government will be considered further in connection with future force studies undertaken by this Headquarters.

There is one specific point to which I would like to make reference, that is, the future of the four AWX squadrons. I note in paragraph 4F the statement that the Canadian government did not repeat not contemplate re-equipping or replacing the four CF100 all-weather squadrons. In order to avoid any future misunderstanding, I wish to note that a statement to this effect was made by your Minister of National Defense on his visit to SHAPE on February 13, but that this action was not repeat not the subject of discussion or consultation with SHAPE.

In order to record and clarify the purpose of the country study, I would like to quote the memo which served as the basis for my opening remarks at our meeting on February 13 and which has been given either orally or in writing to all of the other countries as well: "Although the scope and purpose of the country study has been broadened considerably in the course of the last year, it may be useful to recall that it was developed originally to assist SACEUR in his analysis of the force posture of Allied Command Europe. It is based on the qualitative standards established by the North Atlantic Council in MC 55/1 and on the force levels laid down in MC 70 which have been approved by the North Atlantic Council for planning purposes. The study measures our achievement to date and indicates the extent of our deficiency in terms of manpower and material, as weighed against the established standards and levels. From the date made available by national authorities and the International Staff, these requirements and deficiencies are translated into terms of money. On the basis of the requirements and the general assessment of the country's economic and financial capabilities provided by the International Staff, SHAPE considers possible means of reducing the deficiencies. This involves possible deferments of certain goals or standards, external assistance through aid programs and assumptions with respect to possible increases in national defence expenditures. The results of this analysis represent courses of action which, if taken, would reduce the gap; but they do not repeat not constitute proposals or recommendations.

SHAPE normally has presented each study to the authorities of the nation concerned as a matter of interest to that country and because the advice and assistance of the national authorities have been of immeasurable help in making an effective analysis." I would like to thank the Canadian authorities for the careful thought that they have given to the country study and to assure you that the comments which you have made available will be given most serious and thorough consideration by this headquarters. Be assured that I shall welcome any additional discussion of this study, in general or in specific terms, at any level, with your authorities.

206. DEA/50107-L-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM DL-1158 Ottawa, October 28, 1960
CONFIDENTIAL. OPIMMEDIATE. PRIORITY.
Reference: Our Tel DL-1157 of October 28.†
Repeat CJS(L) (Priority), DM/DND, DM/DDP, CCOS (Information).

NATO ANNUAL REVIEW 1960 — CANADIAN EXAMINATION — MUTUAL AID

The inclusion of mutual aid as one of the main topics for discussion during Canada's examination, and the suggestion contained in the Canadian chapter that Canada should provide assistance "on a larger scale" to her NATO partners in need of external aid, are indicative of a desire on the part of the International Staff to stress the inadequacy and possibly to invite criticism of our present mutual aid programme. While we have already stated our position in general terms in our opening statement, it may be useful to provide you with more detailed guidance to assist you in resisting any proposal that our mutual aid programme be reactivated.

2. As you know, Cabinet's decision last year to discontinue the programming, on an annual basis, of military equipment for transfer as mutual aid[62] did not in fact constitute a change in attitude but was actually made necessary by the depletion of Canadian forces surplus stocks and the impracticability of re-introducing direct production items. While Canada is still prepared to make available such equipment as may become surplus to Canadian requirements, the volume of future transfers will necessarily be limited. In recent years the recipient countries themselves have declined several Canadian offers of aid, on the ground that the equipment in question was either obsolete or did not answer their needs.

3. The International Staff's proposal, therefore, that our mutual aid programme be stepped up could not be implemented unless it were possible to re-introduce direct production items on a large scale. As we have already stated, the conditions which prevailed in the earlier years when it was economical to produce items of equipment both for our armed forces and for transfer as mutual aid no longer apply. Indeed, several of the lines of production we have developed are not fitted to European needs, while modern equipment we require has an increasingly large foreign content. It is not realistic to suggest that in the present economic situation in Europe Canadian defence production facilities should be expanded at direct cost to the taxpayer in order to give more substance to our mutual aid programme, or that Canada should provide equipment which she herself has to purchase abroad. This is not to mean, of course, that it might not be advantageous in certain specific cases to extend a production line at relatively small cost, to help meet the needs of some of the European member countries. Each case, however, would have to be considered on its own merits and this is why the provision of direct production items cannot be envisaged otherwise than on an *ad hoc* basis.

4. Even in its present form, however, our mutual aid programme is not negligible. In this connection, the statement in paragraph 33 of the Canadian chapter, that apart from a limited NATO aircrew training programme, the Canadian mutual aid programme is tailing off, is not quite correct. As you know, aircraft spares support will continue to be provided, on an annual

[62] Voir volume 24, document 104. La decision a été approuvé par le Cabinet le 4 août 1959.
See Volume 24, document 104. The decision was approved by Cabinet on August 14, 1959.

basis, to Greece, Turkey and Portugal. Furthermore (as you will have noted from the mutual aid figures enclosed with our letter of October 25 to Mr. McCardle)† the 1960-61 programme makes provision for some substantial items of equipment. It is therefore premature for the staff to draw the conclusion in paragraph 33 of the Canadian chapter that mutual aid on an *ad hoc* basis has not yet been developed.

5. In the statement he made in the Annual Review Committee on October 14 (your telegram 2678 of October 19† refers) the U.S. Permanent Representative served notice to European members that in future their governments would have to carry a larger share of the burden in providing for their own needs of conventional equipment. We strongly support this view and consider that we should not hesitate to make this point should we be under pressure at Canada's examination to provide more mutual aid. As indicated in the opening statement, we even consider that the more prosperous European members should be prepared to assist the less developed countries, such as Greece, Turkey and Portugal, which it is recognized are still in need of external aid. We think that the time has come to impress on European countries that Canada should not be looked upon forever as a donor country. Otherwise, the temptation might be great for recipient countries (now that the U.S. is providing less and less conventional equipment) to turn to Canada as an alternative source of supply.

207. DEA/50107-L-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 2886 Paris, November 8, 1960

SECRET

Reference: [Y]our Tel DL-1157 Oct. 28.†

Repeat Washington, Permis New York, London, Paris, Bonn, Brussels, Hague, Rome, CCOS, CJS (London), DM/DND from CCOS, DM/Finance, DM/DPP from Ottawa (Information).

By Bag Ankara, Athens, Lisbon, Copenhagen, Oslo from London.

1960 NATO ANNUAL REVIEW — EXAMINATION OF CANADA

Our examination took place on November 4. It went well. On the military questions (final list of military recommendations in SGM-551-60) the NATO military authorities expressed satisfaction with our replies and generally commended Canada on the high standard of Canadian forces. As was to be anticipated, Gregh got somewhat emotional about the level of defence expenditures in relation to GNP and about the decline in mutual aid, but thanks to your guidance and the valuable presence of Hockin, we were able to prevent him from leaving with the committee any lasting misrepresentations or from causing us serious embarrassment. Apart from comments by the Standing Group representative, SHAPE and SACLANT on our replies to the military questions, the examination consisted of a dialogue between the chairman and the Canadian delegate. No repeat no other delegate intervened. The sequence in the agenda as/19-A/262 was followed, although points I(b) and (c) — level of financial resources and mutual aid — were in the main dealt with together. It was in regard to them that Hockin was able to provide very useful assistance.

2. After Gregh had expressed regrets at the absence of Mr. Léger, we made the opening statement contained in your reference telegram. Gregh pointed out that it covered a wide area

and dealt in part with some of the more detailed questions on the agenda. He said that he would come back to certain aspects at a later stage. He asked that the military question in SGM-551-60 should be taken in order. We first secured the factual corrections to paragraphs 26 and 28 of the draft country chapter which you requested in your telegram DL-1163 October 28.† The other points in that telegram we brought up in subsequent discussion.

3. Our reply on RCAF survival was in accordance with the Chairman, Chiefs of Staff letter CC-2410.3.14 (JSP/N) October 25 to External† except that we said that "some difficulty" had been experienced in the past regarding the fourth redeployment field rather than "considerable difficulty." The Standing Group representative stated that increasing importance was being placed on survivability in view of the danger of surprise attack and it had been noted that the average peacetime deployment of squadrons in 1 Canadian Air Division was three squadrons per airfield. The SHAPE representative followed this by saying that the twelve Canadian squadrons were deployed on four main bases, 2 IDF and 1 AWX squadron to each field, although use was made of three redeployment fields during exercises. SHAPE was very concerned with survivability, but the problem could only be solved by the concerted effort of nations and SHAPE hoped that the nations themselves would make proposals.

4. With regard to the replacement of escort vessels, our reply followed precisely the guidance given by the CCOS. Both the Standing Group and SACLANT representatives said that they realized that this matter created problems for Canada, but it was their duty to draw attention to it in all cases, so that nations could take timely action. The SACLANT representative next put the question on the carrier-borne Banshee fighters and we replied as the CCOS suggested.

5. Gregh then intervened to say that our replies to the above military questions had been very brief and straightforward, but he was not repeat not quite sure how to interpret them. Canada had said repeatedly that it liked to study physical possibilities and was only prepared (as we had stated in our opening remarks) to give financial forecasts for one year ahead. He wondered whether the studies under way would lead to positive results or whether we would say next year that we would not repeat not be able to overcome the obsolescence problems raised by NATO military authorities. While refusing to predict what the outcome of the studies would be and while refusing to indicate what specific action might be taken, we reassured Gregh that their whole object was to find proper solutions. Canada intended that RCAF squadrons should survive; Canada would not repeat not be satisfied with obsolescent naval equipment.

6. The SHAPE representative thanked us for the reply on the Honest John and said that SHAPE wanted to see the battery arrive with Canadian Brigade Group just as soon as possible.

7. Our reply on aircrew/aircraft ratio was in accordance with your telegram DL-1159 October 28.† The SHAPE representative said that for the first seven months of 1960 the ratio in Canadian IDF squadrons in 1 Air Division had been 1.261 and in AWX squadrons 1.21. As RCAF was composed entirely of regular personnel, SHAPE believed that Canada could achieve comparatively easily the ratio of 1.5 and hoped that this would be done when the conversion to the strike/recce role took place.

8. As one supplementary question, the SACLANT representative said that he had noted that Canadian reply to ARQ(60), in contrast to the reply to ARQ(59), made no repeat no mention of the Maritime Command and Communications Centre. He enquired if further info could be given. We stated that plans were progressing. Funds were provided in 1960/61 for the purchase of property and it was hoped that early approval would be obtained to proceed.

9. The Standing Group representative then said that he wanted to ask for one small amendment to paragraph 6 of the summary appraisal in AR(60) CDA-D/4. He asked that the words in the third sentence which read "Canada, which is fulfilling the NATO military requirements" should be amended to read "Canada, which is nearly meeting the NATO military requirements." He apologized for not repeat not having given advance warning and

stressed that there was no repeat no ulterior motive such as the sudden discovery of some major deficiency. However, if the original sentence stood, there would not repeat not really be any grounds for the recommendations in SGM-551-60. Canadian defence effort was very much appreciated by NATO military authorities. You could rate it at 99 percent, but it was not repeat not quite 100 percent. He therefore argued that the revised wording would be factually more consistent. We replied that we could not repeat not accept the change immediately, but would report it in the favourable context that General Barry had presented. Gregh reminded us that the summary appraisal was the sole responsibility of the International Staff and of the NATO military authorities and that Canadian concurrence was not repeat not essential. If we did not repeat not agree, we had the right to circulate a note to all concerned giving the reasons for our disagreement, but this procedure had never yet been adopted. I think we need not repeat not take issue with this rather academic revision.

10. On points I(b) and (c) of the agenda we said that we did not repeat not want to make any general statement, but would be glad to hear Gregh's views. All we would say on point (b) was that we believed the prospects to be good. Gregh then galloped away on his hobby horses. He said that he appreciated the realistic Canadian approach only to accept engagements which could be fulfilled. However, as our opening statement had indicated, Canadian contribution was divided into two main parts, that for Canada-USA region and that for SHAPE and SACLANT. The International Staff did not repeat not know many of the details of the former, but it was likely to take up an increasing proportion of funds in the future. There had, nevertheless, hitherto been a third part, namely Canadian mutual aid. It was more than symbolic. It had been of great assistance to European countries in the build-up of their forces. He was glad to hear that aircrew training agreements with Denmark and Norway had been renewed but, on the materiel side, Canadian aid had been declining considerably over the last few years. A number of European countries were still very dependent on military aid to achieve their MC 70 requirements and it was the duty of the International Staff to help the NATO military authorities in this respect by bringing pressure to bear on those countries which could provide assistance. Furthermore, the actual Canadian aid achievements in recent years had been considerably less than the forecasts. Last year Canada maintained that conditions had changed and that there would no repeat no longer be an annual Canadian mutual aid programme. We had announced rather that we would try to develop aid transfers on an ad hoc basis. However, our opening statement seemed to frustrate these hopes. We had suggested that many European countries could themselves provide aid to their less prosperous partners. This went too far. Some might be able to do so, but it was dangerous to suggest that they should give aid in addition to meeting their own goals. Canadian financial situation appeared to be such that Canada could afford to continue the provision of aid. Mutual aid was part of the treaty itself and Canada seemed to imply now that Europe should take care of its own needs on one side with USA and Canada taking care of theirs on the other. He did not repeat not welcome any such division into separate geographical compartments.

11. More generally on the economic situation in Canada, Gregh said that the current picture, as he saw it, was somewhat confused. There were both favourable and unfavourable tendencies. Although the growth of GNP in 1960 might be only 1-2 percent, this was likely to be far below the average in the longer term and he believed that any unfavourable tendencies were purely transitory. Public opinion in almost every country of the Alliance considered the defence effort to be excessive, but it was a fact that between 1953-59, speaking in terms of constant value, GNP in Canada had increased 18 1/2 percent, whereas on the same basis for the same period the defence effort had declined 33 percent. There was no repeat no valid reason to justify the latter decrease. The threat was as great, there was no repeat no reduction in the cost of equipment and personnel and operating costs were rising. He found it hard to see how Canada could fulfil major re-equipment programmes if funds available for defence went

down, even though Canada had said that commitments were conceived in physical terms with the necessary funds being found to meet them. In the Alliance as a whole the percentage of GNP which Canada devoted to defence was about average. Several European countries, like France and UK, had a higher proportion and it had to be remembered that most of those which had a percentage lower than Canada also had a far lower standard of living.

12. We said that the Chairman had implied that Canadian mutual aid had almost dried up completely. This just was not repeat not the case. It was hoped that a figure of $54.8 million could be reached in 1960/61 of which $35 million was for equipment. This compared very favourably with the actual figure of $18.1 million for equipment in 1959/60. We considered that the reference in paragraph 33 of the draft country chapter to a "tailing off" was an exaggeration. The amount forecast for the current year was still quite a tail. It was also entirely wrong to imply that there had been some change in political will on the part of Canadian government to co-operate with NATO partners. No repeat no such thing had occurred. We were always anxious to co-operate when we believed that such co-operation made sense from our own viewpoint and from that of our allies. Last year Gregh had commended us for our co-operation with Germans in the F104G programme and had quoted it as an example of something which should become more widespread. These arrangements have been strengthened over the past months and this co-operation was now extended to all European countries participating in the F104G production. Canada was prepared to do what was useful and necessary. We had said so in 1959 and would repeat it again, but conditions had changed and Canadian government was merely adapting itself to the new circumstances as it saw them. Lastly, the Chairman had attempted to suggest that Canada had no repeat no long-term plans. This too was quite erroneous. We certainly did develop long-term plans for equipment. All we had said in our opening statement was that we could only forecast defence expenditures for one year ahead. The International Staff had themselves said in paragraph 38 of the draft country chapter "Canada had not repeat not allowed financial considerations to impede to any significant extent the fulfilment of NATO military requirements." It was therefore inconsistent to imply now that there were formal budgetary limitations. If that were the Chairman's opinion, we defied him to confirm it from any official document.

13. Gregh thanked us for our remarks which he said went a good way towards dissipating his fears. He had been rather alarmed at our references to what European countries should do for themselves. He recognized that conditions had changed, but he still felt that he should point out that the impact of current Canadian aid on Canadian defence budget was almost negligible. Also, the figure of $54.8 million could not repeat not really be considered as a total forecast, since it contained $14.5 million for Canadian contributions to infrastructure and NATO budgets. These contributions did not repeat not fall within the commonly accepted aid definition.

14. Hockin then gave a summary of the current Canadian economic situation. He pointed out that Canada had entered a recessionary period over the last few months. The high level of unemployment was a cause for concern. There had been a diminution in industrial production and there was a regrettable surplus of capacity. The balance of payments position had improved somewhat and the current account deficit was less, but this related to the merchandising sector. There was a growing deficit on the non-merchandising account. This was significant for Canada since it reflected the increasing level of servicing which had to be done on external debt. In 1959 the current account deficit was attributable to the extent of two-thirds to the non-merchandising account. Within the latter roughly one-half of the deficit was due to interest and dividend payments to foreign investors. In 1959 the current account deficit amounted to $1.4 billion. This would be the equivalent of, say, $20 billion for USA. In 1960 the situation was improving, but it was likely that the deficit would run around $1 billion. In USA terms, this would be roughly $15 billion. This deficit was matched by an inflow of

capital, mostly long-term, which had an impact on Canadian political scene since it involved an increase in foreign ownership. The size of the current account deficit was emphasized because it had a bearing on the question of military and non-military aid. Non-military aid had gone up a great deal. One might almost say that Canada was borrowing abroad to give equipment away. We were not repeat not suggesting that this should not repeat not happen, but the background needed to be known. The press and certain leading figures in Canadian life were beginning to pay close attention to the problem of Canada's balance of payments and more would be heard in the future.

15. With regard to the situation in financial markets, the comments in the draft country chapter were somewhat out of date. In 1959 capital markets had recovered from earlier difficulties. There was a return of confidence in the stability of prices. Holdings of public debt were increased. This continued until about May 1960, but since then there had been a decline in such holdings amounting to some $300 million. At the same time there was a substantial though temporary retirement of debt by the Federal Government. There were therefore no repeat no immediate effects on interest rates but the latter did rise in October when demands on the capital market increased. This rise occurred in spite of a considerable increase in the money supply and ease in the banking system. The foregoing could possibly be attributed in part to developments in the economy such as the failure of personal disposable income to expand and a sharp fall in corporation profits and in part to influence of USA financial markets. There were also expectations in Canadian financial circles that requirements of capital by the government would be greater than forecast earlier.

16. The Chairman had referred to the great wealth of Canada and to the country's tremendous resources which he believed gave an assurance of future prosperity. This was understandable but Canadians themselves were now taking a more sober view. Canada was facing the difficulties which confront all primary producers. There was a weakness in international commodity markets and it was hard to sell. Resources were only of value if somebody wanted them. Growth in demand did not repeat not always match growth in supply. Production had outstripped demand and, to quote one example, Canada had grave doubts about ability to market agricultural products in certain traditional areas. This depended on decisions made elsewhere and cast a shadow on export prospects.

17. To sum up, Mr. Hockin stressed that the economic outlook was not repeat not nearly as clear as it appeared in 1959. However, Canada was not repeat not saying it could not repeat not afford to do certain things, but Canadian authorities could see no repeat no valid object in sending to their NATO partners production items which in many cases could be produced more cheaply and equally plentifully in Europe. There was little support in Canada at the present time for large-scale military assistance to Europe. As we had said earlier, Canada was prepared to co-operate when it was convinced that such co-operation made sense.

18. Gregh said that Mr. Hockin's overall analysis furnished valuable background, but he wanted to get replies to certain specific points. Canadian delegation had so far made no repeat no attempt to explain why the defence effort had decreased 33 percent in a period in which GNP had bone up by 18 1/2 percent. Furthermore, if you compared the federal budget as a whole between 1952-53 and 1959-60 you noted that it had increased by 32 percent, requirements on civil account had risen 71 percent and those for defence had declined 20 percent. Canadian delegation had implied that Canadian public were no repeat no longer interested in furnishing aid to NATO. However, aid to underdeveloped countries under the Colombo Plan had been stepped up. He had seen it said in Canadian press that this was a great help to Canadian industry, being in the nature of a grant export. If that were so, could not repeat not Canadian industry also be helped by grant exports to NATO? He found it hard to understand the discrepancy.

19. Mr. Hockin answered that it was quite true that there had been an increase in GNP and an increase in the national budget generally. It was further correct to say that the latter was primarily for civil expenditures. He pointed out that at the end of the 1939-45 war Canada had a very low level of social security and very little social infrastructure in terms of European practice. This had not repeat not been a feature of earlier Canadian tradition, but Canadian public now demanded it. Even now the levels prevalent in Europe had not repeat not been reached in Canada. Secondly, immigration into Canada since 1945 had been very high and this required heavy expenditures for social infrastructure in the way of housing, schools, roads etc., while such expenses fell at the municipal and provincial levels, local revenues were insufficient to meet the need and the Federal Government had had to augment transfer payments.

20. In respect of the level of defence expenditures it had to be remembered that Canada had virtually abolished its armed forces after 1945. Therefore, when Canada joined NATO in 1949, there was a new start almost from scratch. The build-up was tremendous and this was accentuated by Korean conflict. Very heavy expenditures on equipment and infrastructure in the early years caused a bulge. These elements have gradually tapered off, whereas there was a rising level of personnel expenditures. Canada recognized that a number of major items of equipment acquired during the original build-up would have to be replaced, but we could not repeat not say what this would amount to in terms of levels of expenditures. We could only repeat our earlier assurance that we would find adequate financial support to meet our physical commitments. Canadian parliament was extremely sensitive about discussion of levels of expenditures which it had not repeat not approved.

21. With regard to aid for NATO, we had said before that there was no repeat no lack of support in Canada for the Alliance and for Canadian forces contribution, but any project had to make sense to Canadian authorities and take account of the economic situation both in Canada and abroad. There was a boom in Europe. Canada welcomed it. This was the hoped-for result of the Marshall Plan to which Canada had given material support. Today, Canadian public believed that aid to underdeveloped countries did make sense. There was a shift in balance between aid to those countries and aid to Europe. The only change was in deliveries of military equipment to Europe and the Chairman had made his comparisons in far too broad a context. The beginning of Canada's own re-equipment programmes was already having an impact. We were having to buy abroad more expensive and complex weapons systems. While the effect of such procurement was relatively insignificant on the balance of payments in 1959, this was no repeat no longer true in 1960. There was an increase of more than 50 percent in prime and subsidiary contracts placed abroad. There was admittedly some slack in the so-called Canadian defence producing industries, but we were compelled to buy abroad and the very things which we had to purchase externally were those likely to be needed by European countries. We could not repeat not use our own facilities alone.

22. In spite of his earlier criticisms Gregh summed up by saying that Canada had redemonstrated a will to co-operate. Canadian forces were effective and had excellent equipment. Canadian government would adapt its policy year by year to what was necessary in terms of physical requirements. Canada had always met her commitments in the past and there was no repeat no reason to believe that this would not repeat not continue in the future. The economic situation at the moment might be difficult, but we lived in a world of interdependence and a recession could arise in Europe. He took note that public opinion in Canada was only prepared to provide aid "which makes sense" and that it thought at present that aid to underdeveloped countries made more sense than military aid to NATO. However, it was his hope that Canadian public could be educated to realize there was a close inter-relation in all forms of aid and that military aid to NATO was within the spirit of interdependence.

23. USA representative merely commented that he had listened with particular attention to the interchange on the economic situation and on aid for reasons of which members of the committee would be well aware. He was of course referring to earlier USA statements about USA balance of payments deficits, the outflow of gold and the impact which this situation would have on USA aid programmes.

24. We thanked the Chairman for letting us set Canadian situation in perspective. We said that our defence effort was all for NATO, whether in Canada-USA region or in Europe. We took pride in the high state of readiness of our forces and we expected that this would continue. We undertook to convey to you the gist of the examination, saying that particular attention would be drawn to those points which the Chairman himself had stressed.

25. Before concluding, Gregh made a strong plea that a visiting team should be allowed to go to Ottawa in the spring of 1961. He believed that this would be of real help to get a full understanding of Canadian picture and it would be particularly important during the first year of the triennial review. We said we would pass on the request sympathetically. We consider that refusal would put us in a difficult position with the staff next year and would be hard to justify. We therefore hope that you will give your agreement in principle before the end of the current review, although the details and timing of the visit will of course have to be worked out later.

26. We are repeating this telegram for info to all our NATO posts in the hope that it may be of value to them in any discussions concerning Canadian contribution to the NATO defence effort.

7e PARTIE/PART 7

RÉUNION MINISTÉRIELLE, PARIS 16-18 DÉCEMBRE 1960 MINISTERIAL MEETING, PARIS, 16-18 DECEMBER, 1960

208. DEA/50105-G-40

Note du chef de la Direction européenne pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, European Division, to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], August 12, 1960

MEETING OF EXPERTS IN PARIS ON SOVIET POLICY

The meeting of Experts on Soviet Policy has been proposed for October 19-21 and on Eastern Europe for October 24-26. The British representative on the Political Advisers Committee has made a suggestion that, in addition to the drafting session on Soviet policy, the experts might meet first in Paris some three or four weeks before for a general discussion. They would then return to their capitals, prepare drafts which would be submitted to the Secretariat for coordination insofar as this was possible, and the experts would meet again to draw up the paper. I attach copies of the relevant telegrams.

2. It seems to us that this British proposal is a most sensible one. The first session would provide an opportunity for an effective discussion on Soviet policy. It would also be an

appropriate occasion, we think for urging that the final paper should take account of differing interpretations of Soviet policy, along lines set out in a personal letter to Mr. Léger which you signed after the last meeting of experts.[63]

3. I think you will agree that we have been most effectively represented at the last two meetings of experts by Mr. Robert Ford. The one disadvantage of this practice has, however, been the fact that we have been limited for information on the discussions in Paris to written reports prepared by Mr. Ford which, while excellent, have been necessarily incomplete. On this occasion we should like to suggest an arrangement which would take account of the fact that Mr. Ford is probably our most effective representative for the meeting of experts and yet which would ensure that we have in Ottawa a greater source of information on the discussion at the meeting and privately among the experts. I recommend that an offer from Ottawa should be sent to Paris to represent us at the preliminary meeting of experts. He would then return to Ottawa, where a Canadian draft submission could be prepared. This draft would be sent to Mr. Ford for comment and for advance information. At the second and more important drafting meeting we would be represented by Mr. Ford, assisted, if this seems desirable at the time, by an officer from Ottawa.

4. I should be grateful if you could indicate whether you agree with this suggestion.[64]

5. I might mention that the Departmental working group on the Sino-Soviet bloc intends to review its previous paper on Soviet foreign policy in the light of post-U-2 developments. This review should serve as a basis for the position taken by our representative at the experts meeting in Paris and for our subsequent submission to the experts group. It would also be of assistance to our delegation to the United Nations General Assembly.

HENRY F. DAVIS

209.

DEA/50105-G-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 2791
CONFIDENTIAL

Paris, October 28, 1960

MEETING OF EXPERTS ON SOVIET POLICY

Following from Ford.

The three days of meeting were completed and the experts now disperse until November 21. I believe that all delegates leave highly satisfied with the outcome of the discussions and satisfied that the new procedure is effective.

2. Discussion was guided by an eleven point agenda covering the domestic situation, relations with Soviet bloc and the main foreign policy questions. We had prepared as a precaution a draft agenda using virtually the same subject headings as had been set out in a Secretariat agenda but revising the other considerably. French had prepared an extremely

[63] Note marginale :/Marginal note:
I agree. [N.A. Robertson]

[64] Note marginale :/Marginal note:
I agree. N.A. R[obertson] 16.8.60.

comprehensive agenda covering the whole subject in detail. When it became apparent that the shorter agenda was preferred and the order in the Secretariat draft not repeat not satisfactory, we presented our compromise agenda which was accepted.

3. Discussion was carried on without any text before the committee other than the agenda. From the first it developed into a discussion between Bohlen and Laloy at a brilliant level. The level was so high indeed that most delegates hesitated to intervene since all the essential points seemed to emerge from the Bohlen-Laloy dialogue. I was in a position to add some points to the discussion and to bring out differences between Bohlen's and Laloy's analyses; one intervention on the last morning provoked a debate which was carried on throughout most of the day. Although I spoke relatively little, it may have seemed that my contribution was large in comparison to other delegates (obviously apart from USA and French), I think this is to be explained by the fact that the other senior delegates, while holding high offices in their foreign ministries, may not repeat not have had a detailed knowledge of the subject under discussion.

4. From the discussions it seemed that the group agreed without great difficulty in their analyses of Soviet domestic policy, problems in relations with Soviet bloc, and on specific foreign policy issues. A major though still imprecise disagreement emerged between Bohlen's and Laloy's overall interpretation of the reasons for changes in Soviet policy. It is difficult to be precise because Laloy changed ground in the course of the debate. Laloy appeared to consider that changes in Soviet policy are motivated in large measures by a desire alternatively to woo and frighten the West. Bohlen argued persuasively that the controlling factor in Soviet foreign policy was the contradiction between the interests of Soviet state power and Soviet position as head of the world communist movement. Laloy considered that the more aggressive Soviet policy adopted in May was undertaken to frighten the West. Bohlen, who thought that the significant change dated from the end of June, believed that Soviet retreat from a policy of détente was necessitated by Soviet government's need to reassert control of the world communist movement. He maintained that this concern accounted for the otherwise inexplicable Soviet behaviour in UN. Another manifestation of the differing analyses was that Laloy tended to hold the view that Soviet government could create a crisis or not repeat not at will in Berlin, whereas Bohlen saw Soviet action in Berlin as evidence of Ulbricht as leader of East Germany forcing Soviet Union as head of the world communist movement, to make demands on West in Berlin even though these may provoke a dangerous crisis that would not repeat not be in the national interest of USSR.

5. A drafting group was set up on the evening of the second day comprising representatives from French, German and UK delegates to prepare an analysis of Soviet policy, bearing in mind the discussion within the committee. Their draft was discussed on the last evening. Certain sections of this draft were criticized quite fundamentally. As we had prepared in our own papers a summary of the major areas of agreement during the committee discussion, we submitted our summary as a committee document. Some embarrassment was created by the fact that a couple of delegates suggested that our paper might better serve as a résumé of the group's discussion than the paper of the drafting group. Although this suggestion was fortunately not repeat not adopted, since it would have caused difficulty for us, several of the points made in our summary were incorporated into the drafting group's paper and we had the impression that our submission had been helpful.

6. The committee reached general agreement on the paper summarizing the more significant conclusions which emerged from the discussion. French delegate will now rework these conclusions into a more presentable paper which will be submitted to member governments. This later draft will serve as the working paper for the drafting meeting in November. It should not repeat not be too difficult to reach agreement at the second meeting except for the major difference of view noted above. So that this difference will be carefully formulated USA and

French delegates will each submit a statement of their own case. Although the drafting session may try to reconcile these two views, it is accepted that both will be stated in the final paper for presentation to the ministers if reconciliation should not repeat not be possible.

7. The resultant paper for ministers should be shorter, less factual, more provocative and a better guide to an understanding of Soviet foreign policy. Its main feature should be to provide an analysis of Soviet action rather than a description of recent events.

8. Bohlen brought out one important point in arguing against a suggestion of Laloy that the point at issue between them was too complex for inclusion in a ministerial paper. Bohlen criticized what he considered to be the general failure in West to provide an objective and honest assessment of the nature of the Soviet challenge for consideration at the political level. He implied that previous NATO analyses had failed in this respect.

9. A number of the delegates spoke of the extraordinarily valuable educational effect of the meetings. They were referring of course to the brilliant dialogue between Bohlen and Laloy. Four of the delegates, apart from Bohlen, were of the level of assistant under-secretary or higher and it was undoubtedly extremely useful for them to attend the meetings.

10. I think we can be satisfied with the role which we played in the committee. Our interventions were, I hope, sufficiently appropriate and I trust not repeat not too frequent. Our two submissions appeared to facilitate the work of the committee and appreciation was expressed for our efforts. Should a similar meeting be held in future I think we should continue to be represented by two delegates.

210.

H.C.G./Vol. 10

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 2876 Paris, November 7, 1960

SECRET. PRIORITY.

Repeat Washington, Permis New York, London, Paris, Bonn, Brussels, Hague, Rome, CCOS Ottawa from Ottawa, DND from CCOS (Priority) (Information).

By Bag Ankara, Athens, Lisbon, Copenhagen, Oslo from London.

NATO LONG-TERM PLANNING — INTERVIEW WITH GENERAL NORSTAD

I had an hour's talk this morning November 7 with General Norstad concerning what new proposals in the military field might be put before ministers for the December meeting. Kitching and McCardle were with me.

2. In response to a single question, Norstad launched into a long exposition of his own thinking and of what might be expected in the way of USA proposals which was the clearest and most comprehensive account I have been ever been given. Norstad has obviously been deeply engaged in this subject over the past few months and he told us that he might be going to Washington again next week to talk about it.

3. He said he would like to break the subject into three parts in an attempt to avoid the confusion which had entered into some accounts of his own ideas and of the Bowie Report[65] which have appeared in the newspapers. He regarded his own recommendations to the President of USA as the fundamental recommendation into which more specific plans of great importance in themselves could be fitted. His own recommendations had sprung from repeated questions to him by European leaders over the past few years as to why they should commit their troops to a nuclear strategy when there was no repeat no guarantee (a) that the nuclear weapons themselves would remain in Europe and (b) when they had no repeat no control whatsoever over the use of these weapons. He had not repeat not been able to give any satisfactory answer to these questions. He had therefore over the past year in official correspondence and in interviews with the President urged that he be put in a position to answer both these questions. He had recommended that USA should, to meet the first question, offer a guarantee to its European allies that a certain number of nuclear weapons (and the numbers would be a matter of detailed decision) essential to the defence of the European area of NATO would remain in place for the life of the North Atlantic Treaty and would only be removed as the result of a decision taken by NATO itself. So far as the second question was concerned, he had recommended that some means be found to give NATO control over the use of these necessary nuclear weapons.

4. The second distinguishable element of the problem, according to Norstad, was his military need for MRBMs, a requirement which he had stated more than a year ago and which had led to the Gates proposals.[66] Norstad emphasized that his requirement was a simple requirement for modernization of equipment in order to permit him to carry out the responsibilities which he had been given to defend NATO area. Provision of these weapons would not repeat not give him or NATO any new task or responsibility.

5. The third element was the idea that NATO should be given control of its own strategic deterrent. This was not repeat not a Norstad idea but one which had emerged from the Bowie report. He, Norstad, did not repeat not agree with Bowie that such an idea should be pushed at this time. At some stage it might indeed be desirable to give NATO control of an element of the strategic deterrent but in Norstad's opinion this could come later.

6. These then were the three strands which had become interwoven, especially in newspaper accounts of what USA proposals might be made in the near future. Norstad said quite frankly he did not repeat not know what USA proposals would be made. He had urged however that whatever they were they be made by about November 20 in order that ministers would have an opportunity to study them carefully before the December meeting. He knew that "great pressure" was being brought on Washington by Adenauer that this timetable be adhered to and that other European allies were exerting pressure to a lesser degree in Washington towards the same end.

7. He spoke at length about the first and what he obviously regarded as the most fundamental recommendation. In his view, it was the only course of action which would prevent the growth of a German problem, i.e., a national German programme for the production of nuclear weapons. The recommendation would probably involve USA Atomic Energy Act but he had urged on USA authorities that this problem should be faced. While the lawyers were of two minds on the subject, there were those who believed that no repeat no change in USA legislation would be required but that simple congressional approval of a course of action

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[65] Voir/See Robert R. Bowie, *The North Atlantic Nations: Tasks for the 1960's. A Report to the Secretary of State, August 1960.* College Park, MD: Center for International Security Studies at Maryland (Nuclear History Program Occasional Paper 7), 1991.

[66] Voir/See document 186.

proposed by the executive would be sufficient. Norstad believed it would be essential to get this issue cleared as quickly as possible in order that there would be no repeat no doubt that a USA proposal along these lines carried congressional support. He was confident in his own mind that such congressional support could be obtained. A USA proposal along these lines would, he believed, "have some influence" on the French programme for the building of a national nuclear capability. He referred to a report which he had just received of a very recent conversation between Spaak and Messmer, the Minister of French Armed Forces, wherein Spaak had asked what French reaction would be to an American proposal along these lines. Messmer's answer had been "it would be difficult to reject." Norstad's own view was that any American movement which made it possible to answer the questions outlined above would put some "crimp" in French programme and, more important, would offer them a way out of assuming what would be an almost impossible financial burden.

8. Norstad said that he was fully aware that his recommendation did not repeat not solve the problem of control. On the other hand, it created nothing new in the problem which already existed. He hoped therefore that people would concentrate less on the problem of control which was inherent in the recommendation and more on the fact that it would give some additional authority to the other members of the Alliance, authority which would of course be taken away from him, SACEUR. He felt that if an American proposal were made along the lines of his recommendation and if it were accepted, additional stimulus would be given to the Council to make some progress on the details of control machinery. If people were to dwell, however, on the control machinery per se, no repeat no progress would be made and NATO would be the weaker for lack of progress and for lack of the required weapons.

9. In further elaboration of his recommendations, he said that he had taken a strong line with Mr. Eisenhower that he, the President, should do nothing which would assist French in the creation of a national nuclear force. He had made these recommendations as an American for he believed from his experience in Europe that if USA were to lend assistance to a French national effort, other European members would lose all respect for USA sense of responsibility. In Norstad's view, if this respect were lost, so would be the cause of USA leadership. It was essential therefore in his view that USA should offer some alternative to attempt to give General de Gaulle some reason for either not repeat not continuing his programme or at least for not repeat not pressing on with it with great vigour. He went on to say that he had urged President Eisenhower to act on these recommendations as quickly as possible so that they would have the stamp of his approval which would mean a great deal in Europe. He saw no reason why the elections should affect an American proposal along this line. It would constitute a most respectable legacy to leave to President Eisenhower's successor, whoever he might be. He could agree however that there were reasons why such a proposal should not repeat not be made while the election campaign was in progress. He obviously had the impression that his recommendations had been well received by the President and by a number of senior USA officials. He could not repeat not however be assured that they would be acted on.

10. Turning then to the second element of the question, i.e., his need for MRBMs, he argued that the land-based Polaris offer made by Gates could not repeat not now be implemented in the time required. He could live with this situation as a military commander if five USA Polaris-carrying submarines with their eighty missiles could be deployed to serve NATO defence interests. These, put together with approximately 45 Jupiter missiles (in Turkey and Greece) and the Thor missiles in UK, would cover NATO's military requirement for the 1962-64 period. He understood that by 1964 there would be a much more mobile weapon of the Polaris type which would be about half the weight of the present Polaris and much more effective. He hoped that that weapon could be brought into operation in approximately 1964 and deployed on mobile bases (he mentioned ordinary highway vans) through NATO Europe.

In this context he said he had told Mr. Watkinson recently that UK could make a virtue of necessity and give over their Thor weapons to NATO uses. Certainly these weapons were a millstone around UK government's neck at the moment and they should be glad to get rid of national responsibility for them. Such a move could be made politically most attractive and could help Germans and French in their problems.

11. Finally, so far as a strategic deterrent force under NATO control was concerned, Norstad thought it was for the future and should not repeat not be pressed at this time.

12. One could not repeat not help but be impressed with General Norstad's sincerity in trying to find some means by which he could bring into harness the military requirements which he saw as a military commander and the political requirements which NATO governments were faced with. It is obviously his strong hope that something like the recommendations set out above will be made by USA government but he could not repeat not assure us that this would be the case. He was fully aware that many problems of control machinery would have to be faced but he obviously believed that these could not repeat not much longer go undiscussed.

[JULES] LÉGER

211. DEA/50105-G-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 3476 London, November 16, 1960

SECRET. PRIORITY.

Repeat NATO Paris, Paris (Priority) (Information).

NATO REVIEW OF SOVIET INTENTIONS

Following are Ford's preliminary comments on Secretarial draft (NATO AC/119-NR/2):

While body of paper can serve as an adequate basis for discussion, introductory paragraphs seem to me unsatisfactory. If one accepts the desirability of an agreed paper then I think we should make this our aim and, with the authority of Bohlen behind us, it should be possible to modify French view sufficiently to reach a unanimous conclusion.

2. I would suggest that the introduction might be rewritten along following lines:

Since the break-up of the Summit, Soviet policy has become markedly more militant. Khrushchev retreated from the negotiations he had assiduously sought since his resumption of power because prospects for reaching an agreement had receded, unexpected opposition within the Bloc appeared and opportunities arose for improving Soviet defensive position and discrediting USA.

The swing to a harder line is typical of the vigorous and flexible policy pursued by Khrushchev. There seem to be two well-defined limits within this policy must operate, given of course the basic hostility of USSR to all governments, communist or otherwise, not repeat not under their direct control.

In pursuing a tough policy Russians are not repeat not likely to exceed a point at which there would be a risk of nuclear war, the avoidance of which remains a fundamental aim. It is their awareness of this danger which forms the basis of their policy of peaceful coexistence and sets a limit to the degree to which they are prepared to be tough with the outside world.

In the other direction, the "soft" line as advocated by Khrushchev up to the Summit breakdown cannot repeat not be pursued beyond the point at which it would endanger the unity of Soviet world or Russia's predominant place in it.

Peaceful coexistence, and Soviet interpretation of the non-inevitability of war, imply in Soviet view the continuance of the struggle with West by all means short of war. A policy of détente offers many attractive possibilities for the advancement of Soviet influence and power, but it is highly unlikely that Russians are interested in letting it develop into an entente with West.

The motivations behind the variations in Soviet policy are probably in part pragmatic and opportunist, but at the same time they have to operate within the limitations imposed by a developing Soviet society and by conditions in the Bloc, including possible contradictions between the interests of Russia state and those of the world-wide communist movement. The fluctuations of Soviet policy are therefore to be explained in terms not repeat not of contradictions arising out of conflicting objectives but in terms of internal and external circumstances.

While it is impossible to be dogmatic it would seem logical to assume that the present trend towards a "hard" Soviet policy is a temporary phase and will be followed by a further attempt to create conditions necessary for renewed East-West talks. At the same time there is no repeat no sign that Russians are prepared to make concessions on the major issues in dispute. End of suggested text.

3. I should be grateful for comments on this and the main points of the Secretariat's draft.

212. DEA/50105-G-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM S-455 Ottawa, November 18, 1960

SECRET. OPIMMEDIATE.

Reference: NATO Doc AC/119-NR/2 and London Tel 3476 Nov 16.

NATO REVIEW OF SOVIET INTENTIONS

Following for Ford. We agree with your comment that the main body of the paper can serve as an adequate basis for discussion and that the introductory section is the weakest part. We like your revision of the first section and hope the committee will accept it. However, if you consider that you have to make too many concessions to gain unanimity, you may propose that opposing views be set out independently as two possible explanations of an agreed phenomenon, as has been done in Section VII.

2. The following comments, although rather detailed, are not intended as precise instructions. Their purpose is to give you as clear an indication as possible of our thinking in Ottawa. You may use the material as you consider appropriate in the circumstances.

3. It seems to us that the English draft is a translation from the French, which may explain some of the awkward wording. We hope that the final draft in English will be a more readable document.

4. We have two suggested amendments for your revised introductory section, the first to make explicit the significance of the U2 incident and the second to amplify the importance of Khrushchev's modification of the doctrine of peaceful coexistence.

5. The introduction might now begin as follows: "Since the breakdown of the Summit Soviet policy has become markedly more militant. The failure of the U2 flight provided an opportunity for improving the Soviet defensive position and discrediting the United States, and the Soviet government accordingly decided to play up the incident. This decision in turn necessitated a retreat from negotiations that Khrushchev has assiduously sought since his assumption of power. The arguments in favour of this course of action were supported by the fact that prospects for reaching an agreement had receded and because unexpected opposition within the Bloc had developed."

6. After … "remains a fundamental aim" you might add "of Khrushchev's policy, for which he has sought general acceptance since the 20th Party Congress" and add at the end of the paragraph the following sentence "This limitation on the use of Soviet military power to promote communism is one of the principle points of dispute with the Chinese." We think it important to amplify this thought in a paper which also emphasizes the continuing hostility of the Soviet Union towards the West.

7. *Paragraph 8* – We think it inappropriate to draw conclusions at the end of the introductory section, and think that Section VIII might be revised to include general conclusions (see below).

8. *Paragraph 9* – The last sentence might either be deleted or amended to suggest that Khrushchev appears to be aware of this problem, which probably accounts for his emphasis on the modified doctrine of peaceful coexistence.

9. *Paragraph 10* – Some indication of the fact that Khrushchev, unlike Stalin, has to take into account party opinion would, we think, enlarge the significance of this paragraph for ministers.

10. *Paragraph 11* – We would like to see the two concluding sentences deleted. The idea in the last sentence is already set out more correctly in the section on disarmament. The first idea is highly controversial. In a departmental study we were unable to find evidence of Soviet exports deliberately intended to destroy Western industries, although increased sales can weaken a sensitive market. But as Soviet exports are intended to cover their import requirements, the more the world price falls the more they have to export to cover their needs. Their increasing exports of oil, for example, are to be explained by the need to cover increased imports under the seven-year plan. Oil is a commodity in surplus in the USSR and Western markets are in many cases vulnerable to price cutting. Of course, the economic objective can have political consequences, as Cuba shows. The increased Soviet import programme might even make the Soviet Union more vulnerable to Western countermeasures than it has been in the recent past.

11. *Paragraph 14* – We would like to see this paragraph clarified. We think the word "accommodation" goes too far, although it may be that the French and English words have different connotations. As for Soviet fears of Chinese expansion southward, we consider that the Soviet government is primarily concerned to avoid having to face a choice between abandoning China or having to support Chinese aggression.

12. *Paragraph 16* – We should like to see this paragraph redrafted. The fact is that the West derives some advantage from the Sino-Soviet split, since it confuses communist parties in the non-communist world. The point to be made is that there is little which the West can do to promote the dispute. We are surprised by the suggestion that the West could cause Khrushchev to separate himself from the Chinese. But since Soviet policy towards the West is one of the issues in the Sino-Soviet dispute, it seems to follow that alternative Western policies could have some slight influence on the development of the dispute. For example, we think that a

firm Western policy would strengthen Khrushchev's case by demonstrating that the West is not a "paper tiger." At the same time Khrushchev has to justify his policy of treating with the West. In negotiations on the suspension of nuclear tests, for example, he must ultimately show, as must the West, some success or abandon the attempt. As will be suggested in our final conclusions, a Western position of firmness is fully consistent with a willingness to negotiate where desirable compromises can be achieved. The advantages were well demonstrated by the Austrian State Treaty.

13. *Paragraph 18* – The words after the colon in the second sentence might be deleted and replaced by "and has in large measure been willingly accepted by the receiving countries." The last sentence might be ended with "educational facilities," since the question of satellite activities was dealt with in the Eastern European paper.

14. *Paragraphs 19 and 20* – You might also include some reference to the point made by Laloy about the difficulty of deciding whether Western aid should go to ex-colonial countries which are flirting with the communists.

15. *Paragraphs 21 and 22* – *A* number of points made in paragraph 21 strike us as being irrelevant and unhelpful. We should like to see the paragraph begin with the second sentence "to the Soviet mind … has no validity," to be followed with a new sentence "The USSR has never been favourably disposed towards the UN, although it has in the past relied on its veto to prevent it from taking action to which it was opposed." Paragraph 22 could be added at this point, to begin "Moreover the Soviets …".

16. *Paragraph 23* – The idea should be brought out that the Soviet attacks are already limiting the Secretary-General's freedom of action.

17. *Paragraph 25* – The view might be expressed more explicitly that the USSR may fear that control measures might be used by the West to mount a surprise attack on the Soviet Union. The last sentence might end with the word "disarmament," since we do not consider there is any likelihood or danger that Western governments will accept disadvantageous proposals. The target of Soviet propaganda is more likely the uncommitted world.

18. *Paragraph 26* – We consider it possible that Khrushchev may now hope after the election of Kennedy to resume serious negotiations on nuclear test talks. This idea should be reflected in this paragraph.

19. *Section VI* – It might be worthwhile introducing a conclusion to this section which would suggest the need for the Western side to exert greater efforts to explain to the USSR its reasons for its policy on controls.

20. *Paragraph 28* – We consider that the idea in the last sentence could be valid but are doubtful about the thought that Berlin affords opportunities "for trouble-making in a wider field."

21. *Paragraph 29* – The observation in brackets in the first sentence is inconsistent with the second sentence and gives the wrong impression. It should be deleted.

22. *Paragraph 30* – The difficulty which the Soviet Union faces in putting off a decision on Berlin might be better brought out and the thought in the last sentence certainly needs either clarification or to be deleted. The real difficulty of the Western position in Berlin is to find an effective and safe means of resisting Soviet and East German encroachments.

23. *Section VIII* – We think this section might be considerably revised, and perhaps entitled "General Conclusions." The ideas in the latter part of paragraphs 36 and 37 are particularly badly expressed. We think that the following positive points might be made:

(a) The Soviet threat will continue and the West must stand militarily firm and politically united. It is the strength of the West which has forced the Soviet leaders to moderate to the degree which they have their hostility towards the West;

(b) The West should not be overly influenced by vacillations in Soviet policy, since many of these changes are adopted in response to requirements within the USSR, the Soviet bloc and the world communist movement. The objective of these changes is therefore not primarily to influence the West. The Western response ought therefore to be steadier;

(c) The West should stand ready to negotiate seriously on any issue in which the Soviet Union indicates a willingness to reach a reasonable compromise. Summit meetings should be preceded by adequate preparations;

(d) A major subject of any Summit meeting is likely to be Berlin and Germany and careful preparation is therefore important. No substantial compromise on West Berlin and Germany being conceivable, complete failure to reach agreement at a meeting devoted exclusively to Berlin and Germany might put the Soviet government in the position of having to carry out its threat to sign a peace treaty with East Germany. The West should leave the USSR in no doubt that any interference with the status of Berlin would provoke a grave international crisis.

In general we should like to see this section recognize that, while Soviet hostility and the struggle with the West continues, the present Russian government has accepted some limitation on the use of force, even though this has become a source of conflict with its major ally. This limitation is something of which the West can approve. The difficulty which it creates for Khrushchev should be noted: he heads a government and a world movement dedicated to overthrow the Western world; his government has the power to inflict enormous damage on the West, albeit at great cost to the Soviet Union. In the process of trying to formulate a policy in what is basically an unstable situation, Khrushchev's room for manoeuvre is confirmed. Carefully prepared Summit meetings and the more normal methods of diplomatic intercourse may serve to reduce the danger of a test of arms. Providing the West maintains its military strength and political unity, there is no danger in treating with the Soviet leaders. Continuing contact will provide the opportunities to remind the Soviet leaders that the West will not give way before threats or force.

[N.A.] ROBERTSON

213. DEA/50219-AL-2-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 3039 Paris, November 21, 1960

TOP SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.

Reference: Our Tel 2876 Nov 7.

Repeat Washington, Permis New York, London, Paris, Bonn, Brussels, Hague, Rome, CCOS, DM/DND from Ottawa (Priority) (Information).

By Bag Ankara, Athens, Lisbon, Copenhagen, Oslo from London.

NATO LONG-TERM PLANNING — ATOMIC QUESTIONS

General Norstad's views, as reported in my reference telegram, require further comments particularly in the light of possible developments during next few weeks. So as to deviate as little as possible from SACEUR's own thinking, the divisions he set will be maintained. NATO may be faced with the following alternatives or contradictory programmes:

Norstad's Proposals: Nuclear weapon would remain in place in Europe for the life of the North Atlantic Treaty and fall under some form of NATO control.

Gates' Proposals: The USA would co-operate with NATO countries in providing them with MRBMs land-based in Europe.

Bowie's Proposals: A strategic deterrent for NATO would be set up, likely to fall under some form of NATO control, consisting at least at the beginning of USA-built Polaris submarines.

German Proposals: Mr. Reid (his telegram 542 November 7† paragraph 2) refers to "a definite proposal" which the German government would have in mind for an atomic striking force. This force would consist of tactical nuclear weapons and fall under the control of some regional authority within NATO.

De Gaulle's Decision: The creation of an autonomous striking force to remain under the sole jurisdiction of the French government.

2. The three proposals originating in the USA have a certain number of features in common:

(a) In the Bowie proposals emphasis in placed on the fact that its adoption would lead to the setting up of a "strategic deterrent" for NATO. There is nothing new in this and the Norstad and Gates proposals could be given the same interpretation. The provision of a certain number of MRBMs to SACEUR's command automatically places his forces on a different plane.

(b) The novel view that one of the most important bi-products of a NATO atomic striking force might be to reduce rather than increase the number of atomic powers by giving the UK and France a way out of their present atomic quandary while preventing the spread to Germany. (This is particularly important at this time in the light of the Minister's statement on disarmament[67] (Candel New York 2183);† of the fifteen countries that will have the capacity to join the nuclear club in a very short time, at least half a dozen are members of NATO. Hence the importance of adopting joint policies).

(c) There is general agreement that NATO should be given additional responsibility over the control of use of atomic warheads. There is an implicit admission here that the present standard practice whereby the USA retains control or negotiates bilateral agreements is no repeat no longer practicable and that some new formula must be found. It is recognized at the same time that such a formula will be extremely difficult to find. In this respect the following comments may be worthwhile.

(i) According to Bonn's telegram 538 November 4† Mr. Strauss, while agreeing that "it was essential to find some method of political control over the use of nuclear weapons," thought that this lay somewhere between the existing system and a system under which the use of nuclear weapons required the consent of all the NATO governments. A passing reference by General Norstad and a vague comment by Mr. Spaak made to me in the course of last few days lead me to believe that the idea of a control by a certain number of NATO countries is in the air. The UK press generally has stumbled over the same difficulty and has been unable to agree that there be "fifteen fingers on the trigger."

(ii) This question has such far-reaching implications that, as far as we can see, no repeat no government, except possibly that of General de Gaulle, is committed to any specific formula yet. In private conversations, representatives of smaller countries take it that their governments would reject any formula of group control which would exclude them. In this respect the smaller countries of NATO seem to prefer the present formula whereby the

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[67] Voir/See Canada, Department of External Affairs, *Statements and Speeches 1959-1960,* No. 60/36, No. 60/39.

President of the USA retains complete control initially of the release of atomic warheads for use to any intermediary formula.

3. In summary, the position seems to be that SACEUR, Gates and Bowie are generally agreed that NATO should be given a stronger deterrent (IRBMs) during the 60s although no repeat no decision seems to have been taken by the Administration as to the specific type and quantity of weapons which would be needed for that purpose, and that NATO should assume some responsibility over the control of such weapons; the German Minister of National Defence on the other hand restricts his comments to a tactical atomic force (already in being as far as the USA is concerned and in training for most countries with troops stationed in West Germany) and the President of the French Republic has decided "to go it alone."

4. I take it that the distinction between tactical and strategic nuclear weapons no repeat no longer exists in fact. SACEUR's views in this regard are quite definite. If such a distinction still exists "it is all in the mind" and not repeat not in the weapons. Mr. Strauss' suggestions have therefore become impossible to implement. I also take it that the French decision to go it alone is unacceptable from the Canadian point of view. We are therefore left to consider the three so-called USA proposals of Messrs. Norstad, Gates and Bowie.

5. When MC/70 was adopted[68] all NATO countries have implicitly accepted that MRBMs would in due course form part of the arsenal required for the defence of Western Europe. In his total force requirements for the air force SACEUR in 1958 already stated a requirement of eight squadrons of surface to surface (1500 mile range) missiles for 1960. The implementation of this policy raises questions of the dissemination of such missiles, the control over the warheads and the timing of the presentation of the programme. My personal views on these points are as follows:

(a) *Dissemination*: The spread of atomic weapons under national control should be prevented. The McMahon Act[69] has not repeat not prevented the USSR, the UK and France from developing their own programmes. Other countries are likely to follow suit. We are therefore on the border of atomic anarchy. It is unrealistic to think that a disarmament agreement will be reached in time to prevent such dissemination. Even if one were reached with Moscow it would not repeat not necessarily bind Communist China. The West should therefore try and put its own house in order. NATO could have an important role to play in this field; by becoming an atomic power in its own right national programmes within NATO, particularly those of the UK and France, could be absorbed progressively in this multilateral approach. West Germany under such circumstances, would not repeat not feel isolated nor obliged for national reasons, in due course, to develop its own programme. In the process the West, inter se, would develop techniques of control which could prove useful in disarmament discussion.

(b) *Control*: Ultimate control of the use of atomic warheads must rest with each NATO government. Through the process of consultation in Council, however, national authorities should remain in permanent and close touch with one another.

If therefore NATO governments are kept fully informed, there is a better likelihood that they will act in concert than would otherwise be the case. Such consultation would become even more important in the event that the control of atomic warheads would in certain circumstances rest with NATO. It may be recalled that the meetings of consultation between Ottawa and Washington were set up some years ago or so with the specific objective of permitting both governments to exchange views on the possible use of atomic weapons. The formula suggested here is merely an extension to the Fifteen of a type of consultation which has already been going on between Ottawa and the USA for some time. This new intimacy

[68] En mai 1958./In May 1958.

[69] Le U.S. Atomic Energy Act du 1er août 1946./The U.S. Atomic Energy Act of August 1, 1946.

between the Fifteen has now become necessary. If this formula is retained, a more rapid and more secure system of communications will have to be set up between delegates to NATO and their respective authorities; it may also be that permanent delegates will have better to co-ordinate their work with the military authorities. Whatever way, however, this problem of control is envisaged, it appears clear to me that we should firmly oppose the setting up of any restricted committee of NATO which is to be held responsible for the atomic policy of the Alliance.

(c) *Timing:* From here it is impossible to know definitely whether or not repeat not the USA is to make an offer in this field at the forthcoming Ministerial meeting in December. On the whole, the International Staff is inclined to think that this matter will be postponed until the spring ministerial meeting; on the other hand, items appearing in the press here give us the impression that negotiations between the Administration and the President-elect have reached the stage where the matter may be ripe for consideration next month. If a definite proposal is made, there will be a strong temptation to suggest that with such little warning the subject matter should not repeat not have been raised. In my view, if an offer is made by the USA it should be examined very seriously either in Council at ministerial level or later by the Council in Permanent Session. Developments in the field of atomic policy are ripe for consideration as has been made clear of late in the UK, in France and West Germany.

[JULES] LÉGER

214. DEA/50105-G-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 3087 Paris, November 24, 1960

SECRET. PRIORITY.

Reference: My Tel 3083 Nov 24.†

NATO REVIEW OF SOVIET POLICY

Your most useful comments on my paper and Secretariat draft arrived in course of first days meeting. I had already submitted my draft of introduction because French had circulated a new version of their own. Although there was considerable sympathy for our draft, Germans and Americans strongly supported French draft which was accepted as basis for discussion. In fact, many of the ideas and indeed whole paragraphs from our draft were incorporated into French paper making result slightly indigestible. Many representatives, including German and American, later said they regretted not repeat not having used our paper.

2. Nearly all amendments proposed by you have been incorporated into final paper except for question of motives for break-up of summit. I gave your reasons for thinking some explanation should go into this study and outlined your arguments. There was strong opposition from Big Four plus Dutch, Belgians and Turks to inclusion of any attempt at explanation of reasons for Summit failure. I said I thought this would make the paper a curiously incomplete study of Soviet policy for the period under review but I was unable to secure a reversal of committee's decision. Nevertheless I think it was useful to outline your reasoning on this subject and it had some effect on the conclusions in the rest of study.

3. As regards your suggested general conclusions, I think you will find they are included implicitly in various parts of the paper though perhaps not repeat not spelled out as clearly as you might have preferred.

4. The important point is that Bohlen thesis was generally accepted and that following ideas are in the paper:

(a) reasons for the oscillations in Soviet policy are not repeat not due solely to Soviet tactical manoeuvres

(b) that they are dictated to a large extent by conditions within Soviet bloc and conflicting aims

(c) that they are in turn limited in one direction by Soviet recognition of risk of nuclear war, in the other by dangers to unity of Soviet bloc

(d) that they are normal and should not repeat not overly excite us; and

(e) that it seems likely that USSR will make a new effort to recreate the conditions necessary for renewed East-West negotiations.

5. Perhaps the most heated argument was over my suggestion that the section on East-West negotiations should conclude with following paragraphs: "It should also be decided whether the alternative to negotiations is palatable. A carefully prepared Summit and more normal diplomatic intercourse may serve to reduce danger of a test of arms. Providing the West maintains its military strength and political unity, there is not repeat not necessarily any danger in treating with Soviet leaders, and continuing contact will provide opportunities to remind Soviet leaders that the West will not repeat not give way before threats or force, particularly at a time when Russians seem to have accepted some limitations on use of force, though their basic hostility to the West has not repeat not abated. It is also of fundamental importance that the West should not repeat not allow itself to be forced into accepting the blame either for blocking the holding of a Summit Conference, or for its breakdown if this were to occur." This was supported by British, Danes and Norwegians but proved unacceptable to others. Some of the ideas are however now lodged in the rest of the text.

6. I did not repeat not suggest that this passage be left in as an alternative reading because feeling was strongly in favour of a unanimous text and most representatives had been very co-operative in making necessary compromises. Everyone was agreed that the final paper has real substance and that it would have been a mistake to present two separate sets of conclusions to ministers.

7. More detailed comments plus agreed version of general introduction follow by bag.

[R.A.D.] FORD

215. H.C.G./Vol. 10

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2933 Washington, November 25, 1960

TOP SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.

Reference: NATO Paris Tels 2876 Nov 7 and [3039] Nov 21.

Repeat Permis New York (for Minister), London, Paris, NATO Paris, Bonn from Ottawa (Priority) (Information).

NATO LONG-TERM PLANNING — USA MILITARY PROPOSALS

In the course of a long talk today with Livingston Merchant, Deputy Under Secretary for Political Affairs, over a wide range of topics he gave us in confidence a very helpful forecast of the kind of USA proposals in the military field which we along with other NATO governments, will be receiving formally two or at least one week before the NATO Ministerial meeting.

2. Merchant began by linking these proposals to earlier NATO discussions which go back to the 1957 Heads of Government meeting and to significant statements made at the time by the President and the Secretary of State dealing with a nuclear capability for NATO.[70] He referred also to the Gates' proposals dating from last April in which USA indicated its desire to cooperate with NATO countries in providing them with MRBMs land based in Europe. Insofar as the Gates' proposals referred to joint measures to be undertaken with certain European governments for the manufacture of launching mechanisms, these proposals had not repeat not got off the ground. Over the past year, the various USA government agencies concerned had been giving careful thought to the NATO military problem and had tried to take into account various currents of opinion including the following: the concern expressed by some European governments and in some sections of public opinion as to whether there should be agreement on a NATO nuclear strategy when there was no repeat no guarantee that the nuclear weapons themselves would remain in Europe; the question of providing for a wider distribution of authority and control over the use of such weapons; the French position which placed its emphasis on national effort and national control, which in turn brought with it the danger that other governments (notably the Germans) might feel impelled to adopt a similar posture; and finally, the deep concern of USA and other governments about the dangers of proliferation of the atomic capability operating under national controls (you will note that these concerns have already been reflected in the very useful telegrams from our delegate in Paris on this subject).

3. Against this background, Merchant indicated that USA intended to propose a discussion of NATO nuclear questions at the forthcoming Ministerial meeting in Paris. He added that it was hoped that before the meeting the State Department planned to circulate to the NATO governments an outline of its proposals for subsequent discussion in restricted session at the Ministerial meeting. The proposals which would be put forward were contingent upon amendments to existing USA legislation and would also call for consultations with the incoming administration. However, since steps were being taken to consult on a bi-partisan basis with the key congressional committees, including the Senate Foreign Relations Committee, Armed Services and the Joint Committee on Atomic Energy, Merchant did not repeat not anticipate that there would be any major roadblock in the path of presenting these proposals in the way he had outlined. It would, however, be clear that administrative action on the proposals could only be taken after the new administration settles in in January.

4. The proposals had three principal aspects: (1) an undertaking to maintain NATO nuclear weapons stockpiles at the level of NATO military requirements for the period of life of the North Atlantic Treaty; (2) a plan for USA to commit to NATO five Polaris submarines by the end of 1963, which would be assigned by USA in the same way as the Sixth Fleet and which, within NATO, would operate under USA control; (3) a proposal that NATO should establish a multilateral MRBM force operating as a NATO force on the basis of joint control by the North Atlantic Treaty powers. If there should be agreement to establish such a force, this would be done by proposing that the other NATO partners of USA acquire and contribute one hundred Polaris missiles and launching platforms to operate under the joint authority of NATO.

[70] Voir/See "Texts of Speeches Given by Eisenhower and Dulles at NATO Meeting in Paris," *New York Times*, December 17, 1957, p. 12.

Merchant said that USA preference would be for their seaborne deployment, but other possibilities could also be considered. In the event that such a NATO force were established, USA would then be prepared to turn over the five Polaris submarines and their (80) missiles referred to under (2) above. It is contemplated that the NATO force would be internationally (i.e. NATO) staffed and that the control of use of these weapons would be the subject of collective arrangements to be worked out by the NATO allies. It was also hoped that the existing bilateral arrangements under which Thor and Jupiter missiles are stationed in Turkey, Italy and UK would eventually be assimilated to the integrated NATO nuclear force contemplated.

5. While there was inadequate time to raise questions of procedure and of detail (this can be done when the concrete proposals are available in more specific form), it is our impression that the changes in USA legislation to which Merchant referred, and which would be required to implement proposals of this nature, would not repeat not relate to custody of the warheads, but would be related to the consequential measures that would arise in providing for the novel concept of a NATO MRBM force operating under a collective NATO control.

6. I am sure that you will safeguard the foregoing carefully. The formal proposals may be available to us and to our delegation in NATO about the beginning of December.

[A.D.P.] HEENEY

216. DEA/50219-AL-2-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 3130 Paris, November 29, 1960

SECRET, CANADIAN EYES ONLY. OPIMMEDIATE. PRIORITY.

Repeat Washington, Permis New York, London, Paris, Bonn, CCOS Ottawa from Ottawa (Priority) (Information).

NATO LONG-TERM PLANNING — ATOMIC QUESTIONS

I called on Secretary-General yesterday to get his impressions on his visit to Washington. He was satisfied with the plans that had been made although naturally he would have been pleased to meet President-elect Kennedy but was delighted at the forthright and positive approach taken by the present administration on atomic questions. (Mr. Spaak must have been given the same forecast as Mr. Heeney since he referred to these three different aspects of USA proposals).

2. As regards procedure Mr. Spaak (confirming info of Washington telegram 2933 November 25) takes it that USA will circulate proposals during next few days which will form the basis of discussion at forthcoming Ministerial meeting. Mr. Herter told him that he was determined to go ahead not repeat not only as a result of the soundings taken of the different key congressional committees but more particularly because the State Department was now convinced of the inherent soundness of the programme to be submitted to its allies. Messrs Bruce and Nitze had been much more careful however and had made it clear to Secretary-General that they could not repeat not commit Senator Kennedy to any given course of action prior to his taking over in January.

3. When questioned as to the likely reactions of other NATO countries Mr. Spaak expressed the view that the great majority would welcome the initiative taken by Washington. This

certainly applied to West Germany, Italy, Greece, Turkey, Belgium and Netherlands; possibly also to Norway and Denmark in view of the fact that their special position on atomic matters would be met since most of the MRBMs would be seaborne. He was puzzled by the attitude of UK where the press "because of its strong anti-German slant" was showing opposition to the project and the government was rather cool to it. In the end he expected that UK authorities would be forthcoming if and when they got some clearer indication that President elect Kennedy was generally favourable to the programme as a whole. He hoped that Canada would not repeat not oppose a discussion of the proposals. He then added "once again we will be left with the enigma of France." He had been in touch with Mr. Messmer who had shown interest but had remained non-committal. One point made by Mr. Messmer was that French would not repeat not be able financially to contribute to the acquisition of Polaris missiles for NATO pool and at the same time continue to finance their national programme. On the other hand the Minister of the Armed Forces had readily recognized the advantages there would be in agreeing to a formula which would at the same time prevent Germans from developing a national programme and provide their forces with the required MRBMs under NATO control. In his discussion with Mr. Messmer the Secretary-General related USA proposals to General de Gaulle's stand on global consultations and underlined the fact that if NATO were to become "a nuclear power" USA would be compelled to consult with its allies on all issues which could in due course lead to the use of atomic weapons. Hence General de Gaulle would have achieved one of his objectives.

4. The Secretary-General realized that the question of control over the use of warheads would loom large during the discussions, he did not repeat not expect that a mutually satisfactory formula could be devised during the forthcoming meetings. The intention of Mr. Herter was to leave this question for the Council to decide. This naturally would apply only to those MRBMs falling under the joint authority of NATO.

5. On the whole Mr. Spaak is cautiously optimistic. He believes that the Council will give a fair hearing to USA proposals and that in due course all members of the Alliance will come to realize the importance of the offer. He does not repeat not expect rapid developments however nor is he likely to press for any decision at the Ministerial meeting although his position will partly at least be conditioned by the proposals themselves.

6. We will try and gather further info from other delegates during the next few days but this may prove difficult until USA delegate has formally circulated its proposals.

[JULES] LÉGER

217. DEA/50102-AB-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 3145 Paris, November 29, 1960

SECRET. OPIMMEDIATE.

Reference: Your Tel DL-1266 Nov 22.†

Repeat Washington, Permis New York, London, Paris, Bonn, Brussels, Hague, Rome, CCOS, DND, Finance, DDP Ottawa from Ottawa (OpImmediate).

By Bag Ankara, Athens, Lisbon, Copenhagen, Oslo from London.

NATO MINISTERIAL MEETING — TENTATIVE ASSESSMENT

We shall attempt in this telegram to answer your request for an assessment of the likely course of developments at the Ministerial meeting, bearing constantly in mind the difficulty of assessing with any accuracy the course of a Ministerial meeting which is so subject to unusual developments in the international situation at the actual time of the meeting and which this year, of course, will assemble with "lame duck" American representation. Two other important meetings this year will precede the NATO Ministerial meeting and will have some effect on it; this effect however is most difficult to predict at this point in time. The meetings are those which de Gaulle will have with Adenauer alone and with the representatives of the Six early in December, and the meeting of ministers to give final attention to the OECD Convention. Developments at the UN could also have a bearing on the attitude of certain countries.

2. Before commenting on the individual items on the ministerial agenda, we should like to record a number of general impressions of the likely nature of the Ministerial meeting which can only be given the value of very tentative estimates at this stage.

3. First, it seems to us as indicated in Washington's telegram 2933 November 25 that certain proposals affecting NATO nuclear policy will be made by USA and that the question of a possible NATO-controlled nuclear force will dominate the discussion, both privately and in the interest which the press will have in the subject. While it seems clear to us that no repeat no decisions can be taken on this subject (and indeed it seems unlikely that decisions will be requested beyond reference of the subject to the Permanent Council for further study), a good deal of attention may have to be given to that part of the communiqué which will deal with the discussion. You already have, we believe, as clear an idea of the likely USA proposals as it is possible to obtain short of the actual USA proposals in writing which we expect may be circulated by early next week. As indicated above, we do not repeat not believe that Canadian ministers or their colleagues from other NATO countries will be expected to give definitive views of their governments on the idea of a NATO-controlled nuclear force but it is most likely that several ministers will support such developments. On the other hand, the ministerial discussion will set the tone for later discussion by the Permanent Council of USA proposal. Some tentative views at least, therefore, of individual government positions would seem desirable. It is not repeat not clear to us at this stage under what heading of the agenda USA proposals would be made. They could come either under "long-range planning" or "military problems." We shall have to wait for their presentation to Council to clarify this procedural point.

4. The second general comment concerns NATO long-range planning. Here again we believe the press will be particularly interested and here again it seems to us the reference in the communiqué will be important. We will deal at greater length with this subject below.

5. At this moment, the review which ministers will make of the international situation would not repeat not seem likely to produce difficulties. This comment must however be hedged about with a good many limitations. Certainly the discussion could be dramatically affected by such things as (1) the results of the Communist Summit meeting in Moscow; (2) unexpected developments at the UN; (3) developments in Far East, particularly in Laos; and (4) the Congo situation.

6. It is our impression on economic questions that ministers who have just come from signing the OECD Convention will not repeat not think it particularly valuable to deal at any length with the recurrent theme of NATO's economic content. We suspect that if the Secretary-General attempts to spark a discussion along this line, the tendency of ministers will be to refer to the action which they have just taken in the signing of a most comprehensive economic agreement of great importance to Europe and of particular significance in the link which is established in the economic field with North America.

7. Finally, we are inclined to believe that the Council's examination of what might be called the more routine military problems of the Alliance is likely to be somewhat routine with the possible exception of German desire for progress under the general heading of "logistics in peace and war." Something more will be said on this below but our general impression is that ministers will look forward to the new triennial review process which is to be begun in 1961 as a more meaningful review exercise than the annual review of 1960. That triennial review process presupposes a new version of the military requirements for the years ahead. Certainly it is the hope, perhaps unfounded, that the new version of MC 70 will be somewhat more successful than its predecessor in reconciling NATO military requirements with the financial, economic and productive resources which governments are willing to make available.

8. We would now deal specifically with the main items of the agenda.

I – *Review of the International Situation*

9. The agenda provides for a review of Soviet policy since the Summit set-back and for a review of developments in four geographical areas: Eastern Europe and Eastern Germany; Africa; Middle East; and the Far East. As far as we have been able to ascertain, the report of the Soviet experts contains nothing startling except perhaps in its surprising degree of agreement. It is nevertheless not repeat not possible to be confident that this paper will remain uncontentious because we still do not repeat not know the outcome of the Communist Party Conference in Moscow which began three weeks ago. The final communiqué from this conference, or if there is no repeat no communiqué, the earliest actions flowing from decisions taken at it, might cause further debate on the whole subject or might appear to make it necessary to reassess some of the conclusions in the paper. It is difficult to see ministers do more than simply direct that such a re-assessment take place. The paper on Eastern Europe does not repeat not seem to be likely to provoke much debate either except for one point covered in paragraph 12 below.

10. Of the papers concerning areas not repeat not the immediate concern of NATO, those on Africa and Far East might spark debate. As you will be aware from recent reports of proceedings in Council, Mr. Spaak has developed certain very firm opinions about black Africa, neutrals, UN, and the obligations of NATO solidarity. It would not repeat not be surprising to see these opinions come out either on his initiatives or M. Wigny's. The basic thesis is that newly-emerged and neutral countries should not repeat not be allowed to push the NATO Alliance or its members around, and that members who have problems in this respect have the right to consult NATO about them, and to receive comment and (ultimately) support in accordance with generally agreed positions. We do not repeat not expect this point to arise directly in the paper on Africa (which we have not repeat not seen yet because we were not repeat not represented on the working group of experts), but it would be a not repeat not unnatural development from Beligan preoccupations in the Congo.

11. Far Eastern paper is not repeat not of itself likely to give rise to debate, although it is worth noting that it contains one of the few records of dissenting opinion, and this in relation to Laos. It is however conceivable that the rapid deterioration of the situation in Laos could create a desire for discussion of NATOs relationships with CENTO and SEATO. Middle Eastern paper and the situation in the Middle East do not repeat not at the moment seem to present valid cause to take up much of minister's time.

12. There is one topic which is not repeat not specifically covered by the papers coming before the Ministerial meeting but which could be brought up under Eastern European paper. This topic relates to the division of Germany. It has been brought up in recent meetings and is clearly the principal preoccupation of German authorities. There has been extensive discussion of detailed measures related to discouraging further Soviet encroachments within the normal consultative machinery of NATO. While we should not repeat not expect detailed

consideration of these measures, there is likely to be a *plea from Germany or USA for a firm and united front to discourage* further erosion of Western position in Berlin.

II – *NATO Long-range Planning*

13. We expect to receive the Secretary-General's progress report on long-range planning by early next week. It will be the basis for discussion of this agenda item. Whether or not repeat not the USA proposals with respect to NATO's nuclear policy are discussed under this heading will be of some importance; if they are, discussion of the other items under long-range planning may be less significant. In any case, the Secretary-General's progress report will touch on the other five items under long-range planning. We have been able to make preliminary soundings with the staff on the nature of Spaak's progress report and understand that, as drafted by the staff so far, it is not repeat not exciting. Spaak of course can give it more of the spice of his own personal views but we are inclined to doubt that he will.

14. It is our understanding that on political consultation, the draft as it presently stands is more representative of the gradualist school of thought than of the more revolutionary ideas of the Secretary-General himself. For example, we understand that it will reflect the consensus that there must be discussion of matters of concern to NATO which develop outside the Treaty area but will not repeat not over-emphasize the need for concerted policies on such matters. It will reflect the caution of most members to avoid extending their government's commitments beyond the Treaty area. We have been given to understand that this section of the paper will reflect fairly accurately both the consensus reached in the series of long-term planning meetings and the differences of view expressed. We hope from our reports of this series of meetings you have adequate material on which to base your briefing of ministers. We understand that where there was no repeat no consensus, e.g., on the establishment of standing committees for certain areas, the Secretary-General's progress report will revert to the technique of questions as to whether something more should not repeat not be done in this or that field.

15. We understand that the economic section of the report will rely heavily on the Stikker memo in an attempt to reflect the thinking of members of the Alliance in this field.[71] As we have indicated above, we are inclined to estimate that no repeat no matter what the progress report says, the discussion will be affected by the experience of ministers at the OECD meeting. The one theme which may be given prominence however will be the importance of NATOs interest in aid to under-developed countries, and particularly in aid and assistance to the under-developed members of the Alliance.

16. NFO problems will be given some attention but the lack of adequate discussion of these problems by the long-range planning group has limited the ability of the staff to indicate much progress. It certainly can be assumed that, if time permits, a good deal will be hear about psychological action from Germans and from a number of other interested delegates.

17. We have been given to understand that the section on science problems will reflect the discussion which was based on our contribution. That is not repeat not to say however that our ideas will be accepted. We can do little more at this stage than refer you to our telegrams 2889† and 2890 November 8† by way of a general indication of the nature of the progress report on this subject.

18. Finally, there will be a brief section on civil emergency planning which, we understand, to a large degree will be influenced by Dutch paper on this subject (our telegram 2994

[71] Voir/See Dirk U. Stikker, *Men of Responsibility: A Memoir* (New York: Harper & Row, 1965), pp. 330-35, 396-400.

November 16)† and by the account of the informal meeting of the senior committee given by Coleridge and reported in our telegram 3078 November 24.†

III – *Military Problems*

19. Insofar as the third item on the agenda is concerned, we have already made a number of general comments above. Addressing ourselves specifically now to the annual review process just completed, we would say that, in general terms, economic considerations rather than military dominated this year's annual review. Of particular importance in this respect was the consistent USA argument that there had to be a good deal more self-help evident in Europe if USA mutual aid was to be continued. USA concern with their balance of payments position was made equally evident in the course of the individual examinations. We have reported USA arguments in some detail and need not repeat not give any further outline of them here. The question of progress towards integrated logistics is bound to be made to have ministers authorize the establishment of a mixed working group along the lines of that described in document AC/19-D/218. We expect that the report on co-operation in research, development and production is likely to be simply a progress report which would not repeat not necessarily give rise to extensive discussion. You have already had from us a fairly recent appreciation of progress in this field. Finally, it is uncertain at this stage whether cost-sharing related to the new infrastructure programme will appear on the agenda. Once again, the main outlines of the problem are well-known to you. It does not repeat not seem likely to us that any agreement will have been reached between USA, Germany, France and UK on a redistribution of the cost-sharing before the Ministerial meeting.

20. There is no repeat no indication as yet that any member of the Council or the staff will raise anything under "any other business."

218. DEA/50219-AM-40

Note du bureau du conseiller du gouvernement en matière de désarmement pour le secrétaire d'État aux Affaires extérieures

Memorandum from Office of Adviser to Government on Disarmament to Secretary of State for External Affairs

CONFIDENTIAL New York, December 5, 1960

NATO MINISTERIAL MEETING, DECEMBER 16, 1960
NUCLEAR WEAPONS FOR NATO, AND DISARMAMENT

Telegram No. 3177 of December 1, 1960† from NATO Paris raises the question of whether you should raise the subject of disarmament at the forthcoming ministerial NATO meeting. A number of other messages, in particular NATO Paris No. 3048 of November 22, 1960† and WASHDC No. 2984 of December 2, 1960,† have drawn attention to the fact that the USA may put forward certain proposals for providing NATO, either as a group, or the NATO nations separately, with nuclear weapons. There is also the question of whether the Royal Canadian Air Force in Europe should be equipped with F-104 Gs — an aircraft which has no other purpose than to serve as a vehicle for a nuclear warhead; and whether the Canadian Army in Europe should be equipped with the Honest John rockets — a short-range nuclear vehicle.

2. I have argued in another paper[72] that any spreading of nuclear arms in NATO would be to go in a direction contrary to disarmament, and would therefore be undesirable if our long-range policy is that only through disarmament can Canada really find peace and security in the

[72] Voir/See document 105.

nuclear age. In the present paper I propose to set forth arguments of a military-political nature against the adoption of either of the courses of action mentioned in paragraph 1 above.

3. It has been argued, I believe, that the Canadian forces in Europe, for their own effectiveness and security, should be equipped with the means of delivering nuclear warheads referred to above. General Norstad has recently made it clear to the visiting Parliamentarians that the warheads, without which the vehicles are useless, are held and will continue to be held in the custody of the USA. General Norstad also stated that the decision to use the nuclear arms would be made at a "high level"; presumably meaning at a level higher than that of the Canadian commander of the troops or air force units concerned. That would mean that the decision would have to be made by a USA officer, since the warheads are held in US custody. It is therefore possible that the Canadian army formation might find themselves engaged in fighting in which their commander might consider it essential that the nuclear weapons should be used, but permission would be refused.

4. Why might permission be refused? Because it is most probable that the initial use of nuclear weapons, on the "tactical" level, will result, through the "escalator" principle, in the more powerful kinds of nuclear weapons being brought into use, and very rapidly. No military man, or professorial so-called expert has, so far as I know, given any convincing reason why this "escalator" effect should not take place; no one has demonstrated that there can be any such take place; no one has demonstrated that there can be any such thing as restricted nuclear warfare. Hence, once the nuclear weapon is used at all, its use will in all probability be unlimited.

5. Conditions are different now to what they were when the decision to equip NATO with nuclear arms was taken in 1957. That was before the USSR had shown its ability to make ICBM's which could hit targets in the United States. Now, hardly anyone doubts that the USSR has so many of them that it could cause terrific destruction and loss of life in the continental United States, and there is nothing the USA can do to stop this — except the deterrent provided by the ability of her own nuclear carriers to mete out similar or greater destruction in Russia. What nearly every European thinker on the subject now doubts, is whether the USA would take the decision to initiate nuclear warfare to stop an aggression in Europe by the USSR with conventional forces. A decision to retaliate with nuclear weapons, previously seen in the context of a decision to unleash the United States Strategic Air Command, which requires the authority of the President of the United States, would seem now to be required before the "tactical" nuclear weapons with which certain forces in NATO have been equipped could be used; that is, before the warheads for these vehicles could be released from United States custody. Does it make sense to equip a Canadian brigade with a weapon — a so-called tactical weapon — which requires the authority of the President of the United States for its use?

6. The same considerations apply generally in the case of the RCAF Division. Unless it were authorized to receive the nuclear warheads — bombs — the F 104 G aircraft is designed to deliver, it would have no combat usefulness at all; except perhaps in a reconnaissance rôle for which cheaper aircraft would be equally useful. General Norstad expects the rôle of light bombers or fighter-bombers to be taken over the MRBM's beginning 1963. Is it desirable for Canada to equip her air component with an aircraft which will be obsolete in a few years or which perhaps, if an emergency arises, may never receive the nuclear bombs it is designed to deliver?

7. There is a further consideration against equipping the Canadian forces with these vehicles for the delivery of nuclear weapons. That is, if a situation threatening war should develop, and the Russians knew that the Canadian brigade and the RCAF division were equipped with nuclear weapons, would our forces not become a selected target for medium-range nuclear-

headed Russian rockets? Thus, equipping the Canadian forces with these weapons would reduce their security, not add to it. We should be giving them a short-range delivery system for nuclear weapons, and rendering them priority targets for Russian nuclear rockets of much longer range. This is not equalizing their equipment with that of the prospective enemy.

8. For these several reasons, I believe that the Canadian Government should reconsider its previous decision (if such a decision has indeed been taken) to obtain the nuclear delivery vehicles mentioned above. On the other hand, the opinion is growing in many of the NATO nations that there is a real need to strengthen NATO's conventionally-armed forces. Canada might compensate for her refusal to accept nuclear arms by offering to increase moderately her contribution in land and air forces, equipped with modern conventional weapons.

9. The matter of a separate NATO deterrent force would seem to be less urgent, and also of less direct interest to Canada. However, it may be discussed at the Ministerial meeting, and could be of importance in the context of disarmament. There are several questions which suggest themselves in this connection.

10. If the USA handed over to NATO a quantity of nuclear weapons, and their vehicles, it would let the decision to initiate nuclear warfare in Europe pass out of US hands. This might reassure Europeans who now fear that the USA would not use their nuclear deterrent in response to a USSR threat to Europe's vital interests or territory, for fear of the destruction which the USSR ICBM's could cause in the USA. However, the Americans must think, before handing over a "nuclear capability" on any large scale to the control of NATO, whether if a nuclear war were initiated in Europe, would the Russians confine their riposte to European targets? Might the Russians not reason that even if they could practically destroy Europe, the damage they would themselves suffer would be such that afterwards, the USA, with its nuclear striking capacity intact, could destroy the rest of Russia while suffering relatively little damage itself? In such a case, would the USSR not be likely to begin any nuclear war by concentrating on destroying USA nuclear striking power, or as much of it as they could, devoting a relatively minor part of their effort to European targets? With this possibility, would it not be very dangerous for the Americans to let the decision to employ the nuclear arm pass out of their control?

11. Apart from this difficulty, there is also a great difficulty in devising a method of organizing a command for a NATO nuclear striking or deterrent force. When decisions to use such a force have to be taken in a matter of minutes, committee decisions by majority are out of the question. Would the NATO nations be able to agree on a commander for such a deterrent force whom all could trust to do the right think in the decisive moment, and not think more of the interest of the country to which he happened to belong than of the interests of other member countries? The problem seems almost insoluble. Yet the present situation of relying on the US-controlled deterrent is unsatisfactory, and seems likely to become more so.

12. This dilemma may open the door to a proposal to examine once more the possibilities of making a nuclear-free zone in Europe, or wider extent than has previously been considered. Such an item, in connection with protection against surprise attack, was discussed in general terms between the five Western members of the Ten-Nation Disarmament Committee in elaborating the disarmament plan which they drew up and presented in Geneva on March 16, 1960.

13. The NATO military authorities might be called upon to study and make a plan for freeing Europe of nuclear arms, in the content of a general disarmament plan; with, of course, all the indispensable measures of control and verification. At the same time, they might study the problem of the composition and control of nuclear arms could be halted, pending the outcome of the next and serious disarmament negotiations between West and East.

E.L.M. BURNS

219. DEA/50219-AL-2-40

Le sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures

Under-Secretary of State for External Affairs
to Secretary of State for External Affairs

SECRET [Ottawa], December 5, 1960

CABINET DEFENCE COMMITTEE — DND MEMORANDUM
ON NUCLEAR WEAPONS

In accordance with your request the following brief has been prepared for your use in speaking to the DND memorandum entitled "Nuclear Weapons for NATO and NORAD Forces."†

A. *General Observations*

1. At a time when Western Governments generally, and Canada in particular, have been urging in the United Nations that every effort should be made to get disarmament discussions going again, certain NATO sources have been undermining this position by conveying the impression that the December Ministerial Meeting is to be a "grand atomic occasion" involving consideration of procedures to facilitate the spread-out of atomic weapons and to make their use easier. If, as we expect, the Canadian resolution on disarmament is approved by the General Assembly next week, it would be inconsistent and hypocritical for us at the same time to adopt policies which can only have the effect of compounding the nuclear problem.

2. The Prime Minister, in his recent speech to the Canadian Club[73] stated that "we have taken the stand that no decision will be required while progress towards disarmament continues. To do otherwise would be inconsistent." The proposals contained in the DND memorandum, in my judgment, are diametrically opposed to this statement of policy.

3. It is evident that one of the first tasks of the new United States Administration will be to seek to reach a détente with the U.S.S.R. It will be necessary for these two governments to recognize the over-riding mutual areas of interest in disarmament and to bargain on this basis. In my view we must resist at this time any initiatives, either in NATO or bilaterally between Canada and the United States which might hamper these developments.

B. *U.S. Proposals at NATO Ministerial Meeting*

According to the information given to Mr. Heeney by Mr. Merchant, the U.S.A. proposals to be submitted to the Council have three principal aspects:

(a) an undertaking (by the United States) to maintain NATO nuclear weapons stockpiles at the level of NATO military requirements for the period of life of the North Atlantic Treaty;

(b) the United States would commit to NATO five Polaris submarines by the end of 1963 which would be assigned in the same way as the Sixth Fleet and which would operate (within NATO) under U.S.A. control;

(c) a proposal that NATO should establish a multilateral MRBM force operating as a NATO force on the basis of joint control by the North Atlantic Treaty members. If there should be agreement to establish such a force this would be done by proposing that the other NATO partners of the United States acquire and contribute one hundred Polaris missiles and

[73] Voir/See Canada, Department of External Affairs, *Statements and Speeches 1960*, No. 60/41.

launching platforms to operate under the joint authority of NATO. (The U.S.A. would prefer seaborne deployment but other possibilities could also be considered).

In the event such a force under (c) were established the United States would then be prepared to turn over the five Polaris submarines and their 80 missiles referred to under (b). It is contemplated that the NATO force would be internationally (i.e. NATO) staffed and the control of the use of these weapons would be the subject of collective arrangements worked out by the NATO allies. The U.S. also hopes that existing bilateral arrangements under which Thor and Jupiter (IRBM) missiles are stationed in the United Kingdom, Italy and Turkey would eventually be assimilated to the integrated NATO nuclear force contemplated.

2. Although it is not yet clear whether these proposals will be discussed under NATO Long Term Planning or during the consideration of NATO Military problems, it is interesting to note that the United States Permanent Representative on the Council, Mr. Burgess, has expressed the hope to Mr. Léger that atomic problems would not dominate the meeting. In his view the United States undertaking to maintain NATO nuclear weapons stockpiles in Europe, and the plan for the United States to commit Polaris submarines to NATO, should be considered as a follow-up of the 1957 Heads of Government decision regarding the establishment of nuclear stockpiles and IRBM's in Europe and "need not be played up." Mr. Burgess also indicated that these aspects of the United States proposals would not require amendments to existing legislation. When asked by Mr. Léger whether these two aspects constitute a unilateral decision on the part of the United States not requiring Council action, Mr. Burgess replied that the U.S. administration expected that the Council would "at least take note and preferably welcome" such developments. As far as the establishment of a NATO MRBM multilateral force was concerned, Mr. Burgess said he expected no decision would be taken at the forthcoming meeting. The idea would merely be launched and it would be up to the new U.S.A. Administration to decide whether to follow it up.

3. I do not believe the NATO Council should in any way indicate publicly its reaction to U.S. proposals submitted by an outgoing administration on a tentative basis and subject to re-examination by the new administration. No doubt the proposals will have to be discussed by the Council in a non-committal way, but the communiqué should make it clear that no decisions have been taken and that the NATO governments have not abandoned their sincere desire to settle outstanding differences by negotiations and especially to continue their efforts to come to an accommodation with the U.S.S.R. on disarmament.

C. *Nuclear Weapons for Canadian Forces*

1. Negotiation of agreements for acquisition of nuclear weapons, even on a contingent basis, carries with it an implication of ultimate intention to obtain the weapons. It is therefore contrary to the policy enunciated by the Prime Minister, as referred to above.

2. Inevitably, it would become known that such negotiations were in progress. To argue that the Government's policy remains what it has been for the past 18 months would not be tenable in the light of subsequent developments. It would be regarded by public opinion as inconsistent with recent statements by members of the Government and with the position taken by Canada in the United Nations.

D. *Storage of Nuclear Air Defence Weapons in Canada for Use by U.S. Forces*

Conclusion of the Goose-Harmon agreement at this time would have great symbolic importance because it would be the first agreement authorizing the storage of nuclear weapons on Canadian soil and would be generally interpreted as the prelude to the completion of arrangements for the acquisition of weapons for Canadian forces. In any case it would make it more difficult for the Government to justify its policy of deferring a decision on this latter issue.

N.A. R[OBERTSON]

220. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 399-60 [Ottawa], December 6, 1960

SECRET

NATO LONG TERM PLANNING

One important item on the agenda of the December NATO Ministerial meeting will be NATO Long Term Planning. The proposal that NATO should examine its problems and objectives in order to chart a course for the 1960's was originally made by the United States Secretary of State in December, 1959.[74] It has received full Canadian support and has been the subject of a series of informal discussions between the NATO Permanent Representatives during the past two months.

To date these discussions have dwelt almost exclusively on the political, economic, scientific and information problems and objectives. The views expressed reflect some measure of agreement in these fields. As yet, however, there has been no organized discussion of defence questions and it seems unlikely that there will be until such time as it is clear that the United States is in a position to reveal its views on this aspect of NATO co-operation, which is clearly the most controversial and sensitive especially insofar as it involves atomic policy.

The Canadian Representative has participated in these discussions which, to date, have not been regarded as formal expressions of national positions but rather as a preliminary exchange of views. One reason for this arrangement was that it would leave more room for manoeuvre and, more importantly, would reserve for Ministers the responsibility for expressing formally their national positions at the December Ministerial Meeting.

By way of providing preliminary guidance for our permanent representative and to clarify Canadian views, several interdepartmental meetings have been held during the past two months. The result of these meetings is reflected in the attached paper which outlines a suggested Canadian position in respect of the main aspects of NATO Long Term Planning which are likely to come up for discussion at the NATO Ministerial Meeting. It will be noted that the section on atomic policy merely records the current Canadian position; it does not attempt to suggest what Canadian policy should be. The whole problem, however, is under

[74] Voir volume 26, document 114 et OTAN, *Communiqués finals, 1949-1974* (Bruxelles, s.d.), pp. 134 à 136. See Volume 26, document 114 and NATO, *Final Communiqués, 1949-1974* (Brussels, n.d.), pp. 127-29.

continuing study in the Departments directly concerned, especially in view of indications that the United States are re-examining their position.

I am in agreement with the main lines developed in this paper and I would recommend that the paper be approved as general guidance for the Canadian Delegation to the forthcoming December Ministerial Meeting.

H.C. GREEN

[PIÈCE JOINTE/ENCLOSURE]

Document

Paper

SECRET. FOR CANADIAN EYES ONLY

NATO LONG TERM PLANNING

Introduction

Although the study now being carried out in NATO has been referred to as the "preparation of a Ten Year Plan" this is really a misnomer. On the basis of Mr. Herter's original proposal it can more correctly be described as an attempt to identify the main problems which the Alliance is now facing and is likely to face during the next few years and to reach agreement on positive objectives towards which we should work in our mutual relations within NATO, in our relations with other free nations, and in our relations with the Communist powers. This paper is intended to highlight the Canadian position on the main problems. The assumption is made throughout that Canada will continue to give its full support to NATO and, until agreement is reached on controlled balanced disarmament, will continue to carry its share of the overall NATO defence effort, including the maintenance of forces in Europe as long as they are required there.

In order to deal systematically with NATO's main problems and activities the paper is divided into five sections as follows:

Section I — Political
Section II — Defence
Section III — Economic
Section IV — Information
Section V — Science

SECTION I

POLITICAL PROBLEMS

TERMS OF THE TREATY

Canadian Position

1. The terms of the Treaty are satisfactory to enable the Alliance to deal with the problems which are likely to arise in the future out of a changing international situation and a shifting Soviet challenge.

2. We would strongly oppose extending the scope of the Treaty on the grounds:

(i) that this would involve unacceptable additional military commitments,

(ii) such action would arouse sharp opposition and resentment by many of the countries outside the NATO area which already are suspicious of NATO's motives and objectives,

(iii) extension of NATO's scope of responsibilities would assume a degree of common interest shared by the NATO countries which does not exist,

(iv) experience has shown that other organizations such as the U.N. can be more effectively used for resolving many of the problems which arise in other areas.

Comment

Our view appears to be shared by the vast majority of NATO members. France would appear to be the only member which favours an extension of the area of NATO's commitments.

NATO MACHINERY

Canadian Position

1. The existing machinery on the non-military side of NATO's activities is satisfactory.

2. It is up to the members to use it properly by intensifying and improving the process of political consultation.

3. We would strongly oppose the formation of any political directorate in NATO or any arrangement which would be inconsistent with the accepted principle of equality of membership in the Alliance.

Comment

The only specific suggestion for a revision has come from the Secretary-General who has pressed for changing the existing ad hoc expert committees on Africa and the Middle East into permanent standing committees; so far this suggestion has received no support. General de Gaulle has spoken in general terms of the need for something to be organized "at least between the world powers of the West," ... "as to their political and eventually their strategic posture elsewhere than in Europe and particularly in the Middle East and Africa ...". This clearly suggests the idea of a tripartite directorate but so far the French representatives to NATO has not given the Council any clear definition of what the French leader has in mind.

POLITICAL CONSULTATION — PROBLEMS ARISING WITHIN THE AREA COVERED BY THE TREATY

Canadian Position

1. The future strength and solidarity of NATO will depend to a considerable extent on the willingness of the member countries to make a reality of political consultation in NATO on all problems of direct concern to the Alliance as a whole, where one of the main objectives is to reach as wide a measure of agreement as possible on a common approach. We believe that there is room for a good deal of improvement in this respect.

2. The practice adopted last spring where the NATO Council was in a sense the main coordinating agency for the preparation of the Western position at the Summit meeting should be continued. Since any future Summit meeting will be concerned inter alia with the unresolved problems arising out of World War II (i.e. the problems of Germany, Berlin and Germany's eastern frontier) these questions should be periodically re-examined in NATO in order to determine whether there is a need for more flexibility in the Western approach.

3. We recognize that in respect of some problems (such as certain aspects of the Berlin question) the three larger NATO powers have a requirement to consult closely together because of their special responsibilities. At the same time we believe that it is important that such consultations do not derogate from NATO consultations nor confront the other NATO members with decisions on matters of concern to them without prior consultation.

4. We view with considerable concern General de Gaulle's recent efforts to arrange top level formal consultations between the Six on political and defence questions[75] particularly insofar as such consultations could detract from the effectiveness of NATO discussions and lead to the formation of a European bloc within NATO.

Comment

Canadian views in respect of consultation are shared by most of the NATO members and it is particularly encouraging to note the lack of support in Europe for General de Gaulle's various suggestions for a directorate and for a formal top level consultative arrangement between the Six.

Recently, however, there have been signs that he has persuaded some of his European partners in the Six to agree to hold at least one top-level meeting in the near future. While we should continue to express our concern about such developments, which inevitably tend to create political groupings with pre-formed positions in NATO, it must be acknowledged that the trend of developments in Europe may bring more and more political content into the European Economic Community, whether we like it or not. The effect may well be to form a European bloc in NATO and this development may be hastened if some accommodation is reached between the U.K. and the Six in respect of U.K. participation in the Treaty of Rome. This is not to suggest that we should desist from striving to maintain the principle of equality of membership as the best arrangements but rather that we should not delude ourselves into thinking that political groupings in NATO will not come about in the long term.

The need for an improvement in consultation in NATO is shown by the incidents of the German bases in Spain and the secret Soviet note to France at the time of the abortive Summit meeting last spring. We should however be alive to the fact that we have not been entirely consistent with our proclaimed aims in respect of political consultations. For example, we are traditionally very reluctant to reveal to the Council even the broad general lines of our consultations with the U.S.A. in the field of defence; and in our capacity as a member of the Ten Nation Disarmament Committee we occasionally revealed a lack of interest in putting problems into NATO before an agreed position had been worked out between the Five.

POLITICAL CONSULTATION — PROBLEMS ARISING OUTSIDE THE TREATY AREA

Canadian Position

1. We agree that political consultation should be free from geographical limitations and we believe that it is quite in order for countries to raise for discussion in the Council or in the Political Advisers Committee problems arising anywhere in the world.

2. We consider that the ad hoc expert committees on the Middle East, the Far East and Africa perform a useful function in analysis developments in these areas and in exchanging information which a number of NATO members might otherwise be unable to obtain. We do not however agree that it would be either advisable or necessary to formalize such consultative machinery by setting up, as M. Spaak has suggested, permanent committees of experts on Africa and the Middle East.

3. We are not prepared to accept the Spaak thesis that the object of such consultation on problems outside the Treaty area should be to reach a common NATO position. Rather, the main purpose should be to exchange views and information so that each country in the formation of its national policies will be aware of the pre-occupations and attitudes of its

[75] Voir/See *Documents on International Affairs 1960* (London: Royal Institute of International Affairs/Oxford University Press, 1960), pp. 157-59.

partners. In the Canadian view the same philosophy should also apply to consultations in NATO on subjects up for discussion in the U.N.

4. There is a continuing need for a flexible and pragmatic approach to consultations in respect of the wide variety of problems, which are not per se directly related to NATO or the common interests of its members. For example, there should be a general understanding that while discussion in NATO will no doubt on occasion be mutually beneficial, NATO may not be the most effective or appropriate forum to attempt to work out an approach to such questions as the recognition of Red China, the problem of Cuba, or the problem of Netherlands New Guinea.

5, We strongly oppose the creation of formal links with other regional defence organizations but we are prepared to accept increased, informal, mutually beneficial exchanges of information and occasional visits by the respective secretariats provided no publicity is given to such exchanges.

6. It is important that NATO should not give the impression that it is the main spokesman for the free world or that the Alliance possesses a monopoly of wisdom and experience in respect of the critical international problems of today. NATO members would do well to accept the fact that often one of the best ways to resolve such problems is to take them out of the "cold war" context (the recent Congo situation is a good example) and that to involve NATO directly or even indirectly may be the best way to exacerbate the situation.

Comment

There is general agreement in NATO that there should be no extension of military commitments (which might for example be implied by the establishment of formal links with CENTO and SEATO) but there is a division of opinion as to what should be the objective of consultation in respect of problems arising in other areas and in respect of NATO's relationship with the regional pacts. One group composed mainly of the United States, the U.K., Germany, Turkey and Belgium appear to favour harmonization of national policies with respect to such problems and closer but not necessarily formal relationships with the regional organizations. The other group composed mainly of Norway, Denmark and Canada are in favour of such consultation on the grounds that the exchange of views are mutually beneficial *per se* and consider that their main objective should be to enable each member to be aware of the other members' attitudes and preoccupations; this group does not favour too close cooperation with the other regional organizations on the grounds that such cooperation would imply, at least in the mind of the public, links with the policies of those organizations.

DISARMAMENT

Canadian Position

1. In its work and in its public posture NATO should take greater account of the growing demand in the countries of the world for a balanced and controlled system of disarmament.

2. NATO should do more to stress its defensive aspects by:

(i) obtaining agreement on the part of the governments concerned to prevent bellicose statements by national or NATO military leaders, and

(ii) making it clearer to the peoples of the world that the basic aims of the West's defence and disarmament policies are the same i.e. the attainment of security and peace.

3. It should be made clear however that until some progress has been reached on controlled balanced disarmament, NATO has no alternative but to maintain adequate defensive strength to prevent military aggression or the threat of military aggression by the Soviet bloc.

4. The resources of NATO could be put to better use both in respect of intensifying the process of consultation on disarmament and in respect of obtaining military advice from the

NATO military authorities on the implications of various disarmament proposals. In particular, we believe that it is impossible to separate disarmament planning from Western strategic planning and that it is therefore essential that NATO should continually review the Western positions on disarmament and NATO strategy and planning in relation to one another.

Comment

The progress made on consultation in NATO on disarmament in the past year has been disappointing, and there has been little evidence of enthusiasm for our earlier suggestion that better use might be made of NATO resources in analyzing the various proposals for disarmament, especially those put forward by the Soviet Union. Dissatisfaction about the degree of consultation does however appear to be fairly widespread; it would therefore seem to be appropriate to consider within the context of NATO Long Term Planning ways of improving NATO consultation on disarmament. In respect of our earlier suggestion for making better use of NATO's resources one of the difficulties has been to determine which NATO military body should deal with disarmament questions. The Department of National Defence is considering the idea of recommending the establishment of a strategic planning staff on the military side of NATO which *inter alia* would have the task of examining from a NATO military point of view proposals on disarmament as they arise.

SECTION II

DEFENCE PROBLEMS

The three main problems facing the Alliance in the defence field are (1) the absence of any agreement on a fully integrated air defence system for NATO Europe, (2) lack of progress in achieving a greater degree of standardization of equipment and a more effective use of the production resources of the member countries, (3) differences over atomic policy, and especially the refusal of the French Government to permit nuclear weapons on French territory unless they are under exclusive French control.

INTEGRATION OF DEFENCE FORCES

Canadian Position

1. We have consistently supported the principle of integration of NATO's defence forces and have frequently referred to the progress which has been made in the air defence field in North America as positive evidence of what can be accomplished.

2. Canada should continue to support implementation of this principle for the following reasons:

(i) an integrated NATO defence structure is the only effective and rational way of coordinating and organizing the activities and plans for a variety of national forces particularly in the nuclear age when a rapid and coordinated response to an aggression would be essential to survival;

(ii) with the increasing complexity of modern warfare a greater rather than a lesser degree of integration may be required;

(iii) even if it were considered advisable to organize individual self-sufficient national defence forces, the high cost of modern military equipment would make such an objective unattainable for most NATO countries.

Comment

An additional reason which cannot be expressed in the Council is that integration provides an important measure of assurance against any future independent German action. It is worth noting in this connection that the Germans have been in the forefront of those countries

pressing for a greater degree of integration. Although a small measure of progress was made recently in respect of the integration of air defence in Europe it is clear that the French Government continues to insist on the concept of cooperation as opposed to integration and on the maintenance of French control over its units assigned to NATO.

It is also worth noting that this concept of military integration in NATO has no direct counterpart in the political field. However, there is a general understanding that the main objective of political cooperation is to reach a common position on problems of common concern to all members of the Alliance and in that sense it can be argued that members are prepared to forego certain national considerations in the interests of NATO solidarity. It should also be recognized that, although the political and military structures of the Alliance differ in the sense that the latter has supranational aspects whereas the former has not, there are a number of agreed directives to the military authorities approved by the member countries which limit the degree of authority given the Supreme Allied Commanders. Furthermore, it is open to any country to ask for a re-examination of these directives at any time. Finally, it should be borne in mind that the degree of integration implemented in NATO to date has not destroyed the national identify of the national contributions, and countries such as France have in fact obtained the approval from other members to withdraw temporarily from NATO, for operations elsewhere, forces which technically are still assigned to SACEUR.

STANDARDIZATION AND PRODUCTION QUESTIONS

Canadian Position

1. Canada has consistently pressed for a greater degree of standardization of NATO military equipment and should continue to take an active part in promoting efforts in this direction.

2. Similarly we should continue to promote efforts to achieve a greater degree of cooperation in the development and production of military equipment.

3. We should stress the need for a pragmatic approach to many of these problems especially since there is often a tendency on the part of many countries to regard multi-national production programmes as an end in themselves without regard to the question of whether such an arrangement is the speediest and least costly way of producing the particular piece of equipment.

4. We should emphasize that Canadian production facilities have not, so far, been effectively utilized by NATO, and that even in the case of joint production schemes carried out mainly in Europe Canada could supply certain self-contained components which could be incorporated in the end item.

Comment

There is often a tendency for European members to regard these projects as essentially European schemes which *inter alia* are designed to benefit the economics of the European countries producing the items. There is a need also to educate Europeans out of the habit of thinking of Canada solely as a donor country in respect of military equipment, a habit which not unnaturally arose out of our earlier role of supplying mutual aid in substantial quantities to the European members of NATO.

ATOMIC POLICY

Canadian Position

The 1954 and 1956 NATO Ministerial Meetings and the 1957 NATO Heads of Government Meeting resulted in agreement to (a) adopt a defence strategy based on a capacity to employ nuclear weapons in the event of overt Soviet military aggression (b) stockpile nuclear weapons in Europe; and (c) place intermediate range ballistic missiles at SACEUR's disposal.

In line with the agreement reached at these Ministerial Meetings decisions were made by the Canadian Government in respect of equipment for Canadian NATO forces which are based on support for the concept of giving a nuclear capability to the NATO shield forces. Also, in 1959, the government accepted SACEUR's recommendation that the eight F-86 squadrons of the Air Division should be re-equipped and that their role should be changed to that of strike/reconnaissance.[76] In order to be able to carry out this role, the aircraft selected, the CF-104, has a special configuration which enables it to carry nuclear weapons. The government has also announced its intention to acquire Honest John rockets for use in support of the Canadian Infantry Brigade in Europe.[77] Procurement of these two delivery systems is well advanced.

Although Cabinet approved in October 1958 the initiation of negotiations between Canada and the United States for the acquisition and storage of nuclear weapons for the use of Canadian forces[78] these were not carried beyond the stage of informal discussions at the military level and no decision has yet been reached to proceed further. If it were decided to negotiate such an agreement, a further question which would follow is the measure of control which the Canadian Government would wish to exercise over the use of such weapons.

Comment

The refusal of the French Government to accept nuclear weapons on its territory unless they are under exclusive French Control, and its determination to press ahead with the development of an independent French nuclear deterrent, have complicated the problem of obtaining an agreed NATO policy on nuclear weapons. One of the important practical effects of the French position has been to make it necessary for SACEUR to move to other NATO countries, and especially to Western Germany, some forces formerly stationed in France, including aircraft, which might be required to use nuclear weapons in the event of an emergency.

Under existing arrangements for tactical weapons, the means of delivery (carriers such as missiles, long range artillery, etc.) are normally supplied by the United States to the national forces under SACEUR's command but the warheads must remain in United States custody until their release is authorized by the President in the event of an emergency. To cover the arrangements setting up storage facilities for the warheads, the United States has proceeded to negotiate a series of bilateral agreements with the countries where the stockpiles are located (so far agreements have been concluded with Germany, the Netherlands, Belgium, Greece and Turkey). In the case of strategic weapons such as IRBM's, bilateral agreements of the countries where these weapons are stationed (so far only the U.K., Turkey, and Italy) which provide for a positive decision by both governments before the weapons can be fired. The arrangements for warheads are virtually the same as in the case of tactical weapons.

In effect, the NATO arrangements to date give the U.S.A. the main and determining decision as to when the weapons should be used. At the same time it is generally accepted that, if there is time, SACEUR has a responsibility to consult all the NATO governments through their representatives on the Council regarding the use of nuclear weapons.

Much thought has been given, both by officials and by journalists, to the possibility of "NATO control" over the use of nuclear weapons, assuming of course that the United States would be prepared to amend its legislation to permit this. The main difficulty of control by the NATO Council is that it would in effect impose fifteen vetoes over any proposal to use the

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[76] Voir/See Volume 26, document 109.

[77] Voir Canada, Chambre des Communes, *Débats*, 1960, Vol. III, pp. 2668 à 2669.
See Canada, House of Communes, *Debates*, 1960, Vol. III, pp. 2548-49.

[78] Voir/See Volume 25, document 95.

weapons, and, to take an extreme case, would enable Iceland, which contributes no forces to the NATO military effort, to block a decision of the majority in favour of using nuclear weapons. In addition, the time required to consult fifteen governments could involve serious and possibly unacceptable risks from a military point of view. On the other hand, to leave the final decision almost exclusively in the hands of the Supreme Allied Commander would be equally objectionable; it would mean that the political leaders of the NATO countries would have relinquished to the NATO military Supreme Commander the awesome decision which might have the effect of expanding any limited aggression in Europe into a full scale nuclear war. So far no reasonable solution has been suggested from any source.

It will be recalled that last year the United States proposed the introduction of Polaris Medium Range Ballistic missiles into the forces under SACEUR under the same formula which had been followed in the case of IRBM's for Turkey and Italy. Because of French opposition this proposal made no headway. It now seems clear that new U.S.A. proposals will be considered at the December Ministerial meeting. According to the preview given our Ambassador in Washington by Mr. Merchant they have three principal aspects:

(1) An undertaking (by the United States) to maintain NATO nuclear weapons stockpiles at the level of NATO military requirements for the period of life of the North Atlantic Treaty.

(2) The United States would commit to NATO five Polaris submarines by the end of 1963 which would be assigned in the same way as the Sixth Fleet and which would operate (within NATO) under U.S.A. control.

(3) A proposal that NATO should establish a multilateral MRBM force operating as a NATO force on the basis of joint control by the North Atlantic Treaty members. If there should be agreement to establish such a force this would be done by proposing that the other NATO partners of the United States acquire and contribute one hundred Polaris missiles and launching platforms to operate under the joint authority of NATO. (The U.S.A. would prefer sea borne deployment but other possibilities could also be considered).

In the event such a force under (3) were established the United States would then be prepared to turn over the five Polaris submarines and their 80 missiles referred to under (2). It is contemplated that the NATO force would be internationally (i.e. NATO) staffed and the control of the use of these weapons would be the subject of collective arrangements worked out by the NATO allies. The U.S. also hopes that existing bilateral arrangements under which Thor and Jupiter (IRBM) missiles are stationed in the United Kingdom, Italy and Turkey would eventually be assimilated to the integrated NATO nuclear force contemplated.

All the indications are that the United States does not believe that any decision should be taken on the proposals at the Ministerial Meeting. The first two parts involve a unilateral action on the part of the United States and Ministers in the Council will be merely asked to note and, it is hoped, welcome these proposals. The third part, i.e. establishment of a multilateral NATO MRBM force involving the complex control problem, is regarded by the U.S. as an idea being launched for discussion.

Although governments are not being asked to commit themselves on the U.S.A. proposals, there undoubtedly will be considerable discussion of them at the NATO Ministerial Meeting and reference will undoubtedly be made to them in the communiqué.

Among the many important considerations which should be carefully weighed in determining the Canadian attitude in respect of the U.S.A. proposals, probably the most immediate ones are (a) our own intentions regarding the acquisition of nuclear weapons for Canadian forces, and (b) whether it would be wise to attempt to move too far too fast on a plan of such far-reaching implications until a serious attempt has been made by the new U.S.A. administration and its allies to explore with the Soviet Union the possibility of some accommodation on disarmament and other outstanding East-West issues such as Berlin.

While it would be imprudent for the West to call a halt to all plans and discussions regarding NATO defence and atomic policy pending evidence of progress on disarmament there would seem to be an imperative need for NATO members to make it clear in their communiqué that they have not abandoned their sincere desire to settle outstanding differences by negotiation and especially to come to an accommodation with the Soviet Union on disarmament.

SECTION III

ECONOMIC QUESTIONS

Canadian Position

1. The aim of all members of NATO should be to develop, in their dealings with one another and with countries outside the area, sound economic and trading policies which are in keeping with the character and proclaimed aims of the governments of the Alliance. They should recognize that sound economic policies and enlightened assistance to underdeveloped areas are worthwhile objectives in themselves particularly insofar as they will have the effect of expanding the world wide exchange of both goods and capital on a non-discriminatory basis and encourage the development of similar practices by other like minded countries.

2. NATO has a continuing role to play as a forum for intimate and confidential consultations in the economic field but not as an agency for Western action.

3. Generally speaking NATO's main role should be to keep a close watch over developments, domestic and external, in communist economic policies, pointing up danger areas which deserve special attention. Since we can expect that communist trade and aid efforts, particularly in underdeveloped countries, will be substantially expanded, the communist economic challenge to the West is bound to become increasingly serious and widespread.

4. The Communist economic challenge must be met by pursuing effective policies in the international specialized bodies concerned with economic questions and in bilateral relations with other countries, but, at the same time this challenge must be kept under close examination in NATO.

5. Finally, we should continue to regard NATO as a forum to which members can bring economic problems which they deem important and which in their view are not receiving the attention they deserve in other bodies.

Comment

Although a good deal of emphasis was attached earlier to the degree of economic cooperation implied in Article II of the Treaty the limitations inherent in NATO for cooperation in the economic field are now generally accepted. It should however be kept in mind that it was never intended that NATO should be an instrument for the implementation of economic policies. The Committee of Three's report, for example, pointed out in 1956 that the member countries should do what they can to keep each other informed of their national programmes and policies in the economic field. It made it clear, however, that NATO should not be regarded as an appropriate agency for administering such programmes or even for concerting the relevant policies of member nations. The Committee felt that there were other agencies and organizations better suited to these tasks.

In this connection it is also important to appreciate that the proposal to establish an OECD, of which Canada and the United States will be full members, represents an important step towards translating the principles of economic cooperation embodied in Article 2 into more concrete practical forms of action. If the aims of OECD are realized it should play a major role

in improving the effectiveness of Western economic policies generally, and by way of consequence have the effect of containing the communist economic "offensive."

Most of the European members of NATO are experiencing today a high degree of economic growth which is likely to continue in the Sixties. In the circumstances it is reasonable to expect them to take a greater part in aid to countries outside the NATO area and to look after the economic interests of any of the less prosperous countries of Europe such as Turkey and Greece.

SECTION IV

INFORMATION ACTIVITIES

Canadian Position

1. The information programme of the Alliance should consist of a mixture of national and international activities.

2. There is a need for better coordination of the political and information work of NATO and for closer cooperation between the respective committees and branches of the International Staff.

3. The terms of reference of the Information Committee should be reviewed in consultation with the Political Advisers Committee.

4. The Information Committee in consultation with the Political Advisers Committee should seek to develop more effective methods of improving understanding of NATO outside the NATO area.

Comment

In the Canadian view one of the essential requirements for a successful NATO information programme is an agreed political basis, which to date has been somewhat lacking. Governments so far have not attempted to reach any agreement with regard to the image of NATO to be projected outside the area or to come to some agreed understanding with respect to NATO's present and future political role for presentation within the area. In the circumstances NATO information activities to date have concentrated on a factual recording of NATO's actual accomplishments.

In large measure the need for agreement on basic objectives is one of the purposes of NATO Long Term Planning. If some agreement can be achieved on the political side it should be possible for the Information Committee to function more effectively than it has in the past.

We should also recognize that probably more could be done by the Canadian Government Departments concerned in making better use of NATO information material and in keeping in closer contact with non-official institutions in Canada interested in NATO and in publicizing its activities. As far as External Affairs is concerned this would involve some increase in staff available for this purpose as well as additional funds to cover the costs involved.

SECTION V

SCIENCE ACTIVITIES

Canadian Position

1. The primary responsibility of the Science Committee is to promote the general scientific well-being of the Alliance as a whole.

2. There is an urgent need to review the scope and the modes of operation of the Science Committee.

3. The NATO Science Committee could make a real contribution in the field of defence research provided a clearer distinction is made between the defence and pure science activities of the Committee.

4. The Committee should be considered as an inter-government committee whose members are appointed and speak for their governments rather than as a committee composed of eminent scientists who do not necessarily reflect the views of their governments.

5. In order to ensure continuity between the meetings of the Committee there should be established in Paris a Committee of Alternates whose members would be the scientific advisers or attachés of the Permanent NATO Delegations.

Comment

Experience with the Committee during its two years of operation gives little encouragement to think that it will make a substantial contribution to the general scientific resources of the Alliance if it continues in its present form. It has established a Science Fellowship Programme, an Advanced Study Institute Programme and, more recently but limited purpose. It has also promoted interest in various scientific topics, such as oceanography, meteorology, defence psychology, operational research, etc. However, this piecemeal approach is not adequate to develop a broad and comprehensive programme for raising the general scientific well-being of the community. The Committee needs to devise a sound philosophy of scientific development in the light of which specific measures could be worked out to help solve special problems. This is a difficult task which is not amenable to the methods of a scientific advisory group, such as the Science Committee has become.

There have been indications from the results of the ad hoc meetings of the defence research directors that there is a real contribution to be made by NATO in the field of defence research. To date, the Science Committee itself has accomplished little in this field although it has spent much of its time in discussion of defence research problems. As currently constituted, the Committee is obviously not a proper body for decisions on defence research since few of the members of the Committee have any intimate knowledge of this field. It does seem, none the less, that Defence Research is the most promising field of scientific activity for NATO and clearly one of the first steps to be taken is to provide some regular mechanism for consideration of defence research problems at the level of the national directors.

221. DEA/50102-AB-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM DL-1371 Ottawa, December 13, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: Our Tel DL-1361 Dec. 9 to NATO Paris.†

Repeat NATO Paris, Paris, London (OpImmediate). CCOS, DM/DND (Information).

NATO MINISTERIAL MEETING — CANADIAN PROPOSAL FOR A NATO HEADS OF GOVERNMENT MEETING

In the light of the information contained in our telegram under reference I would be grateful if you could communicate as a matter of urgency the following message from the Prime Minister to President Eisenhower.

Text Begins.

From our conversations in June in Washington[79] and in New York in September[80] you will be aware of my view that the NATO governments should not delay the holding of a meeting at Heads of Government level any longer than is absolutely necessary. Recent international developments have reinforced my conviction in this regard. I have in mind particularly, the problems arising under long range planning in the Alliance, and especially those relating to nuclear policy. These and other problems will have to be examined carefully in the context of East-West relations and significant developments in the Sino-Soviet bloc. It seems to me that unless a concerted effort at the highest level is made to confront these issues, planning which is now being done will lack essential focus and direction.

The Honourable Mr. Green will be making a suggestion along these lines at the Ministerial Meeting of NATO this week. He will not make a formal proposal since I quite understand that it will not be possible for you, in the present transitional state, to commit your succession. And it is not the intention to upset the arrangements under way for the spring Ministerial Meeting. It is, however, my hope that, at the meeting which is about to open, agreement can be reached upon the importance of holding a Heads of Government meeting as early as possible in 1961. I would hope that by March a date could be finalized. Text Ends.

222. DEA/50219-AL-2-40

Le chef de la 1ère Direction de liaison avec la défense
au coordinateur de l'état-major mixte du ministère de la Défense nationale

Head, Defense Liaison (1) Division,
to Co-ordinator Joint Staff, National Defence

SECRET Ottawa, January 3, 1961

Dear Ralph [Weston],

As you know, Canada, along with the other members of NATO, agreed at the December Ministerial Meeting to study the suggested United States concept for a multilateral MRBM force for NATO. This is to be considered as a part of the current NATO long term planning studies and, presumably, efforts will be made to come to some decision at the Ministerial Meeting next May in Oslo.

It has occurred to me that the best place for a Canadian study to start would be in the sub-panel of the Panel on the Economic Aspects of Defence Questions. Attached is a paper I have prepared in which I have attempted to focus attention on the questions which, it seems to me, we shall have to try to answer. I do not claim that the list of questions is complete or that they are necessarily couched in the best terms but at least the paper should serve as a starting point for our study.

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[79] Voir les documents 226 et 227./See documents 226, 227.
[80] Voir/See document 101.

In accordance with our conversation the other day I would suggest that the sub-panel might meet in two or three weeks to discuss this paper and to start the preparation of a draft Canadian "position paper" which might in due course be submitted to the Panel and ultimately to Ministers. I am sending copies of this letter and the enclosure to the other members of the Panel for their information.

Yours sincerely,
W.H. BARTON

Document

Paper

SECRET [Ottawa], December 30, 1960

POINTS FOR CONSIDERATION IN STUDYING SUGGESTED
U.S.A. CONCEPT FOR A MULTILATERAL MRBM FORCE FOR NATO

Basic Proposition

1. As defined by Mr. Herter, "the defensive task (in the decade which lies ahead) calls for an effective NATO defence in an era of mounting nuclear and missile capabilities on both sides of the iron curtain." The United States Government considers that in order to provide an effective NATO defence MRBMs with nuclear warheads are required. This view is shared by the NATO military authorities and is supported by the decision at the 1957 NATO Heads of Government meeting that "intermediate range ballistic missiles will have to be put at the disposal of SACEUR."

2. The United States believes that, in spite of the inherent difficulties which will have to be overcome, "the multilateral concept offers the best means of providing a collective basis for the common defence in the MRBM field. Its fulfillment would have immense political significance for the cohesion of the Alliance." The U.S. Government believes "that this concept offers a rational approach to the problem of the MRBM power of the Alliance and, if successfully fulfilled, might offer a precedent for further moves in this field."

3. On the other hand, it is the opinion of the U.S. Government that "the creation of additional national nuclear weapons capabilities would have a marked divisive effect on the Alliance. It would mean duplication of effort and diversion of resources and tend to stimulate competition within the Alliance in the nuclear weapons field." Unquestionably this observation is directed towards the present policy of France and the expectation that, unless an alternative avenue is opened up, Germany, in due course, will inevitably follow suit.

Basic Questions for Consideration by Canada

4. In attempting to develop a Canadian position on the United States concept, there would seem to be certain basic questions to which we must address ourselves:

(1) Does Canada admit the validity of the military requirement for MRBMs in NATO?

(2) Even if we acknowledge the military requirement, do we consider that the political liabilities attached to a decision to go ahead with a programme for the acquisition of MRBMs (recognizing that they will not actually be available for three or four years) outweigh the military need for the weapons?

(3) Even if we think it unwise for NATO to acquire the weapons, would we be wise to oppose such action, recognizing the probability that if NATO does not act certain European countries, particularly West Germany, may take steps to acquire the weapons independently?

(4) If it is likely that, irrespective of our views, MRBMs will be deployed in Europe, do we consider that it would be in our interest to seek to have these weapons obtained and controlled under NATO auspices rather than:

(a) under bilateral arrangements between individual governments and the U.S.A., or

(b) at the independent disposal of national governments (as would be the case if the French policy were extended)?

(5) If the answer to the preceding question is affirmative, then what price should we be prepared to pay in order to achieve our purpose:

(a) in the area of political control;

(b) financially;

(c) militarily?

5. Before we can really tackle these basic questions a good deal more information about the United States concept and its implications will be required — some of which may not be immediately obtainable. Some of the points on which information is needed are dealt with in the following sections of this memorandum.

Requirement

6. Mr. Herter spoke of 80 missiles in 5 nuclear submarines (provided by the U.S.A.) plus 100 missiles to be provided by the other members of NATO as meeting the requirement through 1964, with the requirement thereafter to be determined subsequently.

Questions

(1) Is the ultimate requirement for MRBMs likely to be the 300 that SACEUR set some time ago, or some higher figure?

(2) If, as SACEUR has stated, these missiles can be considered as replacements for strike aircraft on a one-for-one basis, what would be the effect on current aircraft procurement and re-equipment programmes of a decision to establish a 180-missile force by 1964 (100 provided by multilateral financing and 80 in U.S. submarines)?

(3) What is the relationship, if any, between SACEUR's MRBM requirement and the IRBMs in the United Kingdom, Turkey and Italy?

Costs

7. Mr. Herter proposed that the MRBM force should be deployed at sea. In a document issued in May, 1960, by the United States Delegation to NATO, it was estimated that a force of our merchant vessels, each carrying 24 missiles (for a total of 96 missiles), would cost about $350 million excluding hulls. If it were desired to reduce the number of missiles per ship, the cost would be greater, since additional hulls, crews and control equipment would be required. The cost of deployment on barges for use on inland waterways, or on road vehicles was estimated to be somewhat smaller but still substantial — $250 million or more for a 100-missile force.

Questions

(1) Taking into account the fact that the U.S.A. would not be contributing, what would be the impact of a programme of the order or magnitude indicated above on the existing defence programmes of NATO members, assuming that the costs were spread over say a 5-year period with the heaviest expenditures coming in 1963?

(2) To what extent would further shortfalls in reaching MC 70 (or its successor plan) goals be acceptable to the military authorities in the interest of getting an MRBM force?

(3) Assuming that by reason of cost a 100-missile force is unattainable, is there a lower limit to the size of force which would be militarily useful or desirable?

Manning

8. Mr. Herter described the proposed force as "multilateral," but obviously there are practical limits to the application of this principle so far as the units responsible for firing the weapons are concerned. (This assumes, of course, that an internationally recruited "NATO Force" is out of the question.)

Questions

(1) To what extent would be militarily feasible or desirable to break up into national sub-units a 100-missile force deployed at sea, on inland waterways, on land, or by some combination of the three?

(2) What would the command implications be in respect of a composite force of the size envisaged?

Control

9. Mr. Herter's statement at the December Ministerial Meeting of the NATO Council makes it clear that, while the United States might ultimately be prepared to study other possibilities, a basic element of the concept of a multilateral MRBM force is that the U.S.A. would retain custody of the nuclear warheads. Thus multilateral control would be exercised only *after* the United States released the warheads and, *ipso facto,* had decided that so far as it was concerned the time had come to use them. This means that, as in the case of the current bilateral arrangements, the mechanism would involve three stages:

(1) The declaration of an emergency or state of alert;

(2) Release of the warheads from U.S. custody;

(3) A decision to use the weapons.

As to (1), if time or circumstances allowed, there would presumably be consultations leading to a joint decision, either in the NATO Council or by direct contact between governments. The decision regarding (2) clearly rests with the United States Government. As to (3), a requirement for a joint decision raises a possibility of 15 vetoes. In any event, the role of the NATO Governments other than the U.S.A. would be essentially negative — the imposition of a veto on the firing of the missiles.

10. Although the immediate effect of a multilateral arrangement would be to complicate the problem of reaching a decision to use MRBMs if this ever became necessary, and thus of detracting from the credibility of the deterrent, the United States believes that the advantages outweigh the disadvantages. The alternative would appear to be either for the missiles to be supplied on a bilateral basis, or for the U.S.A. to provide the whole of the MRBM force itself. Mr. Herter gave as his reason for preferring the multilateral concept that it would further the cohesiveness of the Alliance whereas the creation of additional national nuclear weapons capabilities would have divisive effect. No doubt he also had in mind that it would facilitate operational control by SACEUR and call for a smaller financial contribution on the part of the U.S.A.

11. Real as these advantages are, it must at the same time be acknowledged that the multilateral concept of control raises some fundamental problems of great complexity:

Questions

(1) Would a deterrent subject to 15 votes have any credibility?

(2) If there are not to be 15 vetoes, then what is to be the criterion for selecting the smaller group of powers in which control would be vested?

(3) What, if anything, could be done to meet the danger that such a smaller group, because of the responsibility entrusted to it, might tend to become an inner circle — an enlarged Standing Group?

(4) Is it realistic to suggest that some NATO members, perhaps including Canada, could be expected to subscribe towards the cost of such a force;

(a) if they did not supply a contingent to it; and/or

(b) if they were not members of the control body?

12. It is suggested that if the Departments concerned (National Defence, External Affairs and Finance) addressed themselves to the above questions it would assist in developing a Canadian position with respect to the U.S.A. proposals. Perhaps the sub-panel of the Panel on the Economic Aspects of Defence Questions could be used for this purpose.

223. DEA/50102-AB-40

Rapport de la délégation
à la réunion ministérielle de l'OTAN

Report by Delegation
to NATO Ministerial Meeting

SECRET [Ottawa], January 6, 1961

NATO MINISTERIAL MEETING — PARIS — DECEMBER 16-18, 1960

Contrary to advance press speculation, the 1960 annual meeting of NATO Foreign Defence and Finance Ministers did not attempt to reach any firm conclusions on the main subjects under consideration. Because of the position of the United States Delegation representing the departing Eisenhower administration, the incomplete nature of the report on long-term planning and the complexity of many of the new suggestions relating to NATO nuclear policy, it was generally acknowledged by Ministers that no major decisions could be expected. It was therefore an inconclusive meeting but a thoroughly useful one characterized by lively discussion and frank exchanges on current and long-term problems relating to the international situation, political and economic cooperation and NATO's position and posture in the world today.

The Canadian Delegation played an active part in the discussions of the international situation and on long-term planning, where Mr. Green took the lead in stressing the importance of presenting a good public image of the Alliance and of NATO members accepting fully their responsibilities as members of the United Nations. A Canadian suggestion advocating the holding of a NATO Heads of Government meeting as early as possible in 1961 was put forward during the discussion of long-term planning. After Mr. Herter had explained that he could not commit the incoming United States administration it was agreed to consider the suggestion again in the Permanent Council in the light of developments in the new year.

The report submitted below summarizes the discussion on the main agenda items as follows:

I Review of the International Situation

II Long Term Planning

(i) Non-military aspects

(ii) Military aspects

III Defence Problems

IV Next Ministerial Meeting

I. INTERNATIONAL SITUATION

East-West Relations (Soviet Policy, Germany-Berlin, Disarmament).

Much of the discussion was directed to the experts' report on Soviet policy, which was generally commended. The report noted that Soviet policy, deflected from its former course by Western unity and strength and by fears of the consequences of nuclear war, is now aimed primarily at the extension of Soviet influence in the underdeveloped areas of the world. To achieve this the Soviet Union must avoid war with the West and avoid appearing to be responsible for the cold war. It must not however become too tolerant of the West because this confuses Communist parties and draws criticism from the Chinese. For these reasons Soviet short term policy fluctuates although its long term policy of struggle with the West (short of war) remains constant.

Mr. Herter expressed general agreement with experts' report and drew attention to the existing Soviet dilemma of how to avoid nuclear war and still maintain Communist progress in the struggle with the West. He drew the conclusion that following the Moscow conference the Communist world is now under dual leadership. On summitry he was cautious and he expressed uncertainty as to whether the Soviet Union would call for a "final meeting" on Berlin or resolve the problem by unilateral action. Desirable or not a Summit meeting probably could not be avoided. Another failure, however, would undoubtedly greatly increase international tension. In the United States view, a meeting of Heads of Government should be the culmination of negotiations by normal diplomatic procedures and not the initiation of talks. On disarmament he estimated that the Soviet Union is not now prepared to enter into serious discussions but is treating the subject as a propaganda vehicle.

Most of the other speakers subscribed to the analysis of Soviet policy in the experts' paper. Some of the more interesting remarks are worth recording briefly. *Lord Home* expressed the view that the Soviet Union would now step up their anti-western activities and that politically they would concentrate in the United Nations to achieve a decisive shift in the balance of power. On disarmament he was not sure that the U.S.S.R. are completely insincere since the "nuclear spread" frightens them; he stressed the problem which inspection poses for the Soviet Union as the world's "greatest secret society."

On Berlin *Lord Home* acknowledged tacitly the possibility of a new arrangement and he emphasized that on this as on other outstanding general problems the West would have no choice but to negotiate and to seek to arrive at a settlement with the Soviet Union. After describing recent developments concerning Berlin *Mr. Brentano* said that the most effective deterrent in the present situation was the U.S.S.R.'s conviction that unilateral action on Berlin would bring about a military reaction from NATO. The Soviet Union must therefore recommence discussions on Berlin for which the West should set two conditions: (1) adequate preparation (2) no meeting would be held under a Soviet threat. Both *M. Couve de Murville* and *Mr. Luns* cautioned against the dangers of allowing our problems with the Soviet Union to be treated one by one; any Summit meeting should therefore deal with the broad range of East-West problems and should not be confined to Berlin alone.

Mr. Green commended the experts' analysis and noted that on balance Mr. Khrushchev's policy of détente seems advantageous to the West. At the same time we should be prepared for departures from it caused by internal and bloc factors and should meet these oscillations by maintaining our policies as steadily as possible. Moreover, in preparing ourselves for likely overtures from the Soviet Union we must be certain among ourselves what our vital interests are, that Khrushchev understands our determination to defend them, and that we agree on what room we have for manoeuvre. (Text of Minister's statement at Annex "A").

Before dealing with Belgian policy in the Congo *Mr. Wigny* described "the desolate impression" which the debate had made on him. From what he had heard he concluded that the

West was now definitely on the defensive; he urged unity in the fact of Soviet advances and an attempt to reach a common position in our long-term planning.

Other Problems

Mr. Herter reported on the present situation in Laos and in Cuba. On Laos he said the United States continues to seek a political solution with a government representing all nationalist and non-communist elements which would pursue a policy of neutralism favourable to the West. He stressed that external assistance in terms of men and material was being given to the Pathet Lao from the Soviet Union and not from China. On Cuba he described its political movement towards the Soviet orbit as being undisguised. Cuban forces now equipped by the Communist numbered some 200,000 and although inadequate for fighting against the United States they could be a very disruptive force in central and South America. He estimated that Castro's Government was rapidly losing popular support and that less than 50% of the Cubans were now with him.

Discussion of the Middle East was confined to a short review by the Turkish Foreign Minister of conditions in the main countries in the area. His general theme was that, in spite of the relative tranquility, the area continues to be one of the troublesome regions for world peace. In this situation Turkey believes that CENTO has played and will continue to play an important role.

On Africa *Mr. Wigny* expounded at some length on Belgian policy in the Congo. He gave as its three main elements: (1) political non-intervention (2) provision of technical assistance and (3) collaboration with the United Nations. The Portuguese Foreign Minister described Soviet arms deliveries to the "crypto-communist" government of Guinea. *Mr. Luns* gave the Dutch appreciation of the Malayan Prime Minister's efforts to mediate the problem of West New Guinea saying that for his government a bona fide trusteeship was not unacceptable but that it would have to end with genuine self-determination.

II. LONG-TERM PLANNING

Non-Military Aspects

Discussion based on the Secretary General's progress report was fairly wide-ranging and followed no systematic pattern. It did however produce some particularly useful exchanges on political consultation, NATO and the U.N. and NATO's role in respect of such questions. In respect of problems, such as Germany, Berlin, East-West relations, there was general agreement that the purpose of such consultation is to obtain as wide a measure of agreement as possible and preferably a common position. On other questions, however, especially those which might be described as "colonial" there was a wide divergence of views.

Towards the end of the debate on the international situation, following Mr. Wigny's intervention, the Secretary-General criticized the Council for allowing the discussion to limit itself to an analysis without passing to what he regarded as the essential stage of drawing conclusions. He insisted that the Council must recognize that Berlin and Germany aside, all the preoccupations of the West lay outside what could be regarded as the Treaty area. In the circumstances the absence of any reaction to the efforts of the Belgian and Portuguese Foreign Minister to make a reality of consultation on their problems created "a deplorable psychological effect." He concluded that unless the Alliance did more to practice its proclaimed solidarity NATO would be seriously weakened.

This pessimistic note and a plea for a concerted NATO position was echoed later by the Belgian and Portuguese Ministers who made it quite clear that in their opinions that not only was consultation in NATO inadequate but they were being let down by many of their NATO partners. *Mr. Sarper* also gave a degree of support to Spaak's thesis by expressing

disappointment that his intervention on Middle East affairs had not aroused any interest or reaction in the Council.

The majority, however, clearly did not share this point of view and M. Spaak's immoderate criticism was not well received. *Lord Home* described Spaak's outburst as overly pessimistic and said that political statements in the Council did have an effect which we should not underestimate even if they did not give rise to an actual debate. *Mr. Lange* referred to the "very exaggerated criticism of our organization by the Secretary-General" and later in the discussion made it clear that while a unified command structure and a common position in respect of NATO military cooperation is essential the very nature of our societies and governments is such that anything approaching a unified command in the political field is not possible. He and most other Ministers agreed that members should continue to consult on the broad lines of policy in respect of most international problems of interest to members. In respect of issues directly related to NATO as a whole, the Council must be recognized as the proper forum for such discussions and the object should be to agree on a common line of approach.

In the case of problems not directly related to the Treaty area, or to the Alliance as a whole, the majority shared the Canadian view that the main purpose of such consultation should be to make members aware of individual attitudes and preoccupations well before national policies become fixed or action is taken. Obviously the aim of countries in bringing these questions before the Council is to obtain as wide a measure of agreement as possible, but inability to reach a collective viewpoint does not mean that such consultations have failed. *Mr. Luns* pointed out that it is difficult for member countries always to take sides in disputes in which one or more partners is involved. The important thing was for members to bring their problems to NATO for consultation at an early stage. If consultation shows that a number of countries disagree with the proposed policy and the country decides to go ahead it cannot expect complete solidarity nor can it claim at a crucial moment that it has been abandoned by its partners.

NATO and the U.N.

On the relationship between NATO and the U.N. and NATO consultation on U.N. subjects, Canada took the lead in stressing the importance of presenting a good image of the Alliance, especially in the eyes of newly independent United Nations members. *Mr. Green* urged other members to take their United Nations responsibilities seriously, to be less apologetic about those questions on which NATO has been subject to attack in the United Nations, and to make more widely known the unique contribution which NATO has made to world peace and stability in the post-war years. On consultation in NATO he pointed to the difficulties in the way of attempting to have detailed and topical discussions on the rapidly shifting events at the U.N. In the Canadian view a pragmatic approach to NATO consultation on U.N. subjects was best but we should acknowledge that any attempt to act as a bloc in the U.N. would only isolate us and perhaps diminish the influence which we could otherwise exert as individuals. It is democracy's dedication to individuality, after all, which distinguishes the NATO countries from the only real bloc in the world, the communist bloc (text of Mr. Green's statement attached at Annex "B").[81]

The lively discussion which followed revealed considerable support for the Canadian point of view. In particular *Mr. Lange* agreed on the importance of winning the confidence of the new nations in the U.N. or elsewhere which would be apt to justify the accusations frequently levelled that NATO is an Alliance for the defence of colonial interests. He stressed the need

[81] Non reproduite; l'original ne donne que le début de la déclaration.
Not reproduced; only the beginning of the statement is given in the original.

for flexibility in consultation, the need to draw, where possible, a line between those subjects on which consultation must aim at joint action and other problems. Caution should also be exercised in spreading the geographical area too much lest we detract from the possibility of having a real thorough discussion on questions of essential common concern.

Both *Mr. Sarper* and *Mr. Luns* indicated they felt NATO countries could fulfil their functions at the U.N. in a more satisfactory way but *Mr. Luns* found it difficult to share Mr. Green's optimism and confidence regarding the U.N. He thought it disquieting that many of the newly independent countries at the U.N. tended to develop an ill-conceived loyalty to blocs, an anti-western partiality and a reluctance to shoulder their responsibilities. Belgium, he felt, has some justification when expressing disappointment, misgivings and somewhat moderate enthusiasm at the way the U.N. has been handling Belgium's very grave problem in the Congo.

Lord Home said he was in wholehearted agreement with *Mr. Green's* view on the need to pay more attention to the U.N. What was needed was not a NATO bloc but a greater effort to achieve through consultation common western thinking on many of the issues arising in the U.N. especially those dealing with colonial territories. NATO in his view, might profitably attempt to work out a common line of thinking on how to deal with uncommitted countries and the problem of neutralism.

The Portuguese and Belgian Foreign Ministers strongly supported by M. Spaak again complained about the lack of response, let alone support, from their colleagues in NATO on their particular problems. *M. Spaak* pointed out that the Portuguese representative in the Permanent Council had put their case on the U.N. Afro-Asian resolution to the Council in lots of time, but got no reaction. He complained that the spirit of consultation was lacking and whole heartedly endorsed the Portuguese-Belgian contention that NATO has a very direct interest in respect of the problems lying outside its boundaries. Members' attitudes and interests obviously diverged but complete solidarity and unanimity on such questions was not being requested. It was not enough to let the questions put by Portugal and other countries in the Council go unanswered. NATO would, in his view, be seriously weakened if some of its members feel that they are being abandoned by their partners.

Economic Questions

Relatively little attention was given to economic matters by Ministers. The creation of the OECD was warmly welcomed by all, and by Canada, Norway and the United States as the main forum for implementing many of the principles of economic cooperation set out in Article II of the Treaty.

On NATO's economic role the consensus was that the Alliance was not and should not become an agency for executive action. National economic and assistance policies must be implemented through functional agencies specially designed for the task. Canada and most other members endorsed the view that NATO was particularly concerned with (i) economic problems directly related to the common defence effort, (ii) ensuring the sound economic growth of less-favoured members of the Alliance, (iii) consultations on Sino Soviet economic offensive. Finally, as a group comprising many of the more industrially developed countries. Ministers acknowledged their special responsibility for providing through competent economic organizations aid to the under-developed countries of the free world. Both *Mr. Green* and *Lord Home* drew attention to NATO's limitations in this field and to the need to avoid the impression of giving a NATO label to Western aid.

In regard to assistance to member countries the Turkish Foreign Minister led off with detailed exposition of the size of Turkey's defence burden and the inadequate relative rate of growth of the economy. In conclusion, he put forward, with Greek and Italian support, a draft resolution setting up a special working group to study ways and means of establishing a

mechanism to provide for assistance to the less favoured members of the Alliance. The lack of additional support did not discourage *Mr. Sarper*, nor did *Mr. Herter's* pointed reference to a recent resolution of the Permanent Council on the same question. The Turkish delegation did, however, make a number of amendments to their resolution so that the final innocuous version passed without discussion at the closing session.

Psychological Action (This is a new term to describe counter propaganda activities in peacetime.)

Although a separate report had been prepared, few Ministers dealt directly with this question. Even the Germans who had been pressing in the Permanent Council for practical measures, Secretariat positions etc., confined themselves to a description of the problem with emphasis on the fact that while the NATO Secretariat should help to coordinate national activities final responsibility for any action would rest and should be taken by national governments. *Mr. Luns* addressed the problem in terms of the public presentation of Western proposals. His approach came close to the Canadian view that what is required is not new machinery but better coordination of national efforts and cooperation with existing NATO information services. There was no dissent from the view that the ultimate responsibility for the dissemination of information should continue to rest with individual governments. The prevailing lack of enthusiasm for NATO propaganda activity was well illustrated when, despite strong support from M. Spaak and the Greek Foreign Minister, *M. Segni* was unable to obtain backing for his proposal that NATO should issue a manifesto to counter the communiqué recently put out following the meeting of Communist parties in Moscow.

Disarmament

In addition to general reference to this question during the discussion of the international situation the German and Norwegian Ministers urged better political consultation in the Council on disarmament. *M. Brentano* suggested that a special meeting of disarmament experts be convened, on the lines of the Soviet experts group, to consider acceptable political bases for disarmament and especially an appreciation of Soviet intentions relating to disarmament. Such broad estimates would, in the German view, greatly facilitate the formulation of specific proposals by those directly involved in the negotiations. *Mr. Lange* recommended that long term planning should encompass arms control as one of the subjects originally suggested by Mr. Herter. For political and presentational reasons NATO members must continue to press for realistic negotiations on disarmament. At the same time there must be no contradiction between NATO attitudes and actions and disarmament policies which we defend at the U.N. and elsewhere.

Civil Emergency Planning

Only the Netherlands and German Ministers spoke on this problem. Both stressed the need for more attention to the subject and asked that careful consideration be given to their proposals put forward earlier in the Council. *M. Brentano* contended that civil emergency measures were no less important than ordinary defence measures, that member state should be prepared to accept and implement recommendations of the Council in this field.

LONG TERM PLANNING

Military Aspects

For all their importance and the advance publicity, the long-awaited U.S.A. nuclear proposals did not result in any substantive discussion. Moreover, *Mr. Herter* made it clear that, with one exception, the points put forward relating to NATO nuclear policy were not "proposals" but "suggestions" which together constituted a "concept." In addition to nuclear

policy his statement covered problems concerning NATO conventional forces and U.S.A. balance of payments.

As a means of meeting SACEUR's medium-range ballistic missile requirement *Mr. Herter* offered for consideration the concept of a "truly multilateral (force) with multilateral ownership, financing and control ... and mixed manning to the extent considered operationally feasible by SACEUR."

The first part of his "concept" was a United States offer to commit to NATO before the end of 1963 "as an interim MRBM force" 5 Polaris submarines having a combined capability of firing eighty missiles. Second, in taking this step the United States "would expect that the other members of NATO would be prepared to contribute approximately 100 missiles to meet SACEUR's requirements" under the suggested multilateral concept. *Mr. Herter* made it clear that the United States contemplated selling the missiles and the necessary equipment and deployment vehicles to the other NATO members and that the United States favoured sea deployment. Third, although the warheads made available for the Polaris missiles would remain in U.S. custody, Mr. Herter indicated that consideration could also be given to increasing the authority of the Alliance over the atomic stockpile as a whole. Finally, in order to remove any doubt about the future availability of nuclear weapons *Mr. Herter* stated that "it is the firm policy of the United States to keep in the NATO area under U.S. custody, nuclear weapons contributed by the United States to the stockpile for the execution of approved NATO plans."

In support of the concept *Mr. Herter* implied that it was designed to prevent the creation of additional national nuclear capabilities and that by avoiding duplication of effort and diversion of resources it would be of immense significance for the political cohesion of the Alliance. He did not however discount the numerous legal, technical, financial and political problems to be resolved; U.S.A,. participation in multilateral force would of course require congressional action and he assumed that parliamentary action would be required in other countries.

On conventional forces *Mr. Herter* stressed the importance of maintaining them at an adequate level to permit a response appropriate to the nature of the attack. He referred to General Norstad's recent plea for a substantial conventional capability and to his statement that "the threshold at which nuclear weapons are introduced into the battle should be a high one." He stressed that the deployment of MRBM's should not mean skimping on the equally important task of building up other shield forces. The remainder of his statement dealt with the seriousness of the U.S.A. balance of payments situation which, in the light of U.S.A. worldwide defence commitments and the changed economic relationship between the U.S.A. and Europe, made it necessary to study carefully what should be the United States "proper portion of the load." He contended that a sound U.S.A. balance of payments position and a strong dollar are "essential to the free world." Prefacing his concluding plea to the United States allies to undertake a greater share of the common effort, Mr. Herter indicated that some redeployment of U.S. forces "may become a necessity unless our balance of payments can be brought into a more reasonable equilibrium."

For the most part the other Ministers confined their remarks to expressions of welcome and acknowledgement that the suggestions required detailed study before any decisions could be arrived at. *Lord Home* welcomed the offer to assign 5 Polaris submarines to NATO and the undertaking to maintain nuclear warheads available for NATO forces as long as NATO military planning requires them. He thought the suggestion of a MRBM force should be carefully examined as should all aspects of nuclear support including Mr. Herter's other idea of increasing NATO authority over the nuclear stockpile in Europe. He concluded by observing that the U.K. had a balance of payments situation as difficult as U.S.A. and that a strong pound was as essential as a strong dollar.

The French reaction was non-committal. *M. Couve de Murville* said that his delegation "greeted with satisfaction" the indications of U.S.A. willingness to assign Polaris submarines to SACEUR and to maintain stockpiles of nuclear weapons in the NATO area. With respect to the MRBM force he noted there were a number of essential problems to be considered.

Mr. Green expressed Canada's willingness to study the suggestions. In particular his statement was designed to stress the need to prevent misunderstanding by the public of those proposals ... as a result of over dramatization in their public presentation. As a consequence of Mr. Green's remarks *Mr. Herter* intervened again to emphasize that the U.S.A. was merely advancing suggestions and did not intend that decisions should be taken at this time. (Copy of Mr. Green's statement at Annex "C").

In the event the terms agreed on for the communiqué made it quite clear that the suggestions regarding the MRBM force constituted merely a concept which had been noted and referred for study in detail by the Permanent Representatives. (Copy of communiqué[82] at Annex "D").

III. DEFENCE PROBLEMS

Status of Military Effort

There were relatively few speakers and virtually no real discussion of the report on the 1960 Annual Review and the relevant Military Committee assessments. The general import of these reports was that the ability of major commanders to carry out their missions will remain in jeopardy unless further progress is made towards meeting the minimum NATO military requirements. Special attention was drawn to the absence of any progress in building up a mobile NATO MRBM force.

Mr. Gates, who led off, made an unusually mild exhortation for action to remedy the weaknesses underlined by the Military Committee. He then developed as his main theme, the argument that the other NATO members should make the greater contribution which is possible by virtue of their improved economic position. He referred to the cost and complexity of the United States mixed strategic deterrent forces and of the military aspects of their space programme, all of which would be of significant importance to NATO in the coming years. He emphasized that in the light of changing circumstances two main amendments to the U.S.A. military assistance programme were being made. First, the United States would not be able to continue to provide indefinitely military equipment on a grant basis to nations which now have the financial ability to purchase. In this spirit, the arrangements with France, Germany, Luxembourg and the Federal Republic of Germany have already been terminated. Second, some change would be required in respect of using the U.S.A. military assistance programme as means of support for coordinated research development and production of modern weapons in Europe. Where production lines are already established in the U.S.A. or elsewhere and where it is not worthwhile to establish additional ones, the European countries should consider the advantages of purchasing from existing production facilities. At the same time when decisions are made to initiate coordinated production in Europe of weapons developed in the U.S.A. *Mr. Gates* indicated his government would continue to provide the necessary technical assistance.

The German statement covered almost every aspect of the German defence effort as well as their views on important NATO problems. Throughout, *Mr. Strauss* stressed the importance of a greater degree of integration, rationalization and standardization. He reviewed in familiar

[82] Voir OTAN, *Communiqués finals, 1949-1974* (Bruxelles, s.d.), pp. 140 à 142.
See NATO, *Final Communiqués, 1949-1974* (Brussels, n.d.), pp. 133-35.

terms German personnel and land procurement problems; he urged greater simplicity in infrastructure procedures in order to speed up construction of projects in Germany. On materiel, he spoke of long delays in obtaining delivery of modern weapons and the problem for Germany of choosing between several weapons or types of weapons for the same purpose. He highlighted the importance of the cooperative F104 production scheme and said that Germany had already committed itself to carry out procurement programmes for modern aircraft in the order of DM 2.3 billion, an amount larger than that in all the other cooperative European defence production programmes put together.

Mr. Strauss warned of the dangerous chain reaction which would result if consideration were given to a reployment of U.S.A. forces. Talk of "Fortress America" might lead to unjust fears among American allies and provoke dangerous speculation in Soviet minds. He then developed German views on Soviet and Chinese attitudes towards war, emphasizing that coexistence will continue for a long time but that Khrushchev would get rid of his hesitations about war as soon as the Soviet bloc acquired a sufficient superiority in the political, economic, military and technical fields to make the risk of war appear acceptable or at least calculable.

He indicated satisfaction that some steps had been taken in NATO on psychological action. For Germany the problem created by Soviet propaganda re German rearmament was particularly difficult. It has had its effect. Every so often in Bonn he had to explain to both the German and the foreign press why his government is trying to fulfil its defence obligations, and why it is trying to give its forces a nuclear capability. At the same time the German government is periodically required to explain to SACEUR why it has not fully reached the already reduced planning goals, and why there are serious shortcomings in the field of nuclear capabilities. The same things which are being criticized by the responsible NATO authorities are being exploited for propaganda purposes as the "great German military machine." He asked that a responsible and influential allied statesman tell the facts to the world at large.

On nuclear weapons he stressed the importance of reaching a decision in a few months on the U.S.A. proposals, a decision which should be taken preferably at a meeting at Heads of Government level. In considering the U.S.A. offer, however, serious thought must be given to the whole concept of nuclear requirements in Europe in the light of the completely new situation where the U.S.A. as the largest and most powerful ally is no longer invulnerable to Soviet attack. In the circumstances the real strength of NATO will depend more and more on its European members. In order to organize more effectively for the years ahead *Mr. Strauss* proposed (1) the establishment of a NATO operations research office which would use the most modern equipment to evaluate the effectiveness of NATO plans and programme; (2) the development of a practical plan for closer integration and more intense NATO-wide research, development and production activities; (3) reduction of security standards in order to achieve greater technological integration; (4) the establishment of a nuclear energy commission which would begin with a study of nuclear weapons requirements as they pertain to the defence of Europe.

The other speakers, Italy, Greece, and Turkey devoted most of their remarks to a short survey of their own particular defence problems with a good deal of stress laid by Greece and Turkey on their reliance on external aid.

Mr. Harkness spoke of individual national responsibilities in respect of meeting accepted goals and of the different degrees of progress revealed in the Annual Review. He stressed Canada's intention to discharge her responsibilities and recognized that we have accepted obligations to supply forces under NATO Command equipped with, and ready to use, the most up-to-date and effective weapons. In conclusion he emphasized the importance of standardization of equipment and procedures in achieving the most effective use of forces at

disposal of NATO, (text of Minister's statement at Annex "E"). Following a relatively short discussion the draft resolution on defence was adopted without change, (text at Annex "F").†

Infrastructure

Although not on the agenda, there was a good deal of informal "behind the scenes" manoeuvring at the meeting on a revised cost-sharing arrangement in the light of U.S.A. insistence on a sizeable reduction (originally a reduction from 36.98% to 25%) in its share of the programme for 1961-64. The main reasons advanced by the United States for this reduction were the improved economic position of the European countries and the deteriorating U.S.A. balance of payments situation. The same considerations lay behind the Canadian claim for a proportionate reduction. While some of the European nations, and particularly Germany, were willing to absorb the U.S.A. reduction they were very reluctant to admit the validity of the Canadian position that our share of 6.15% should be reduced proportionately to the U.S.A. reduction.

After much informal discussion the International Staff obtained a wide measure of agreement on a compromise whereby the U.S.A. share would be reduced to 30%, the Canadian share to 5.15% and the Belgian share to 4.24% with these decreases being absorbed by increases in the contributions of seven European members with Germany having the major increase from 13.72% to 20%. While for a time it appeared that all countries could accept this compromise, the Turkish and Greek Foreign Ministers indicated on the last day of the meeting they could not since it did not meet their insistence for a decrease in their contributions. The problem was consequently referred back to the Permanent Council. Ministers did however agree in principle that the future programme should amount to £250 million.

Cooperation in Research, Development and Production

The Armament Committee's report on this subject was generally commended and adopted following a short discussion. *Mr. Watkinson*, referred to U.K. efforts to share the burden of new weapons and armaments and said that the real difficulty will lie in trying to translate basic military requirements into cooperative projects. He urged that the Committee concentrate on its current list of 16 projects dealing with short term requirements and existing developments and not be given additional ones which would overload the facilities. He said he hoped the U.S.A. offer on MRBM's would be examined within a broad reassessment of NATO's strategy and stressed that in respect of future tasks of the Armament Committee we must make the weapons fit the strategy and not vice versa.

IV. FUTURE MINISTERIAL MEETINGS

NATO Heads of Government Meeting

During the discussion on long-term planning *Mr. Green* put forward the suggestion that agreement be reached on the importance of convening a NATO Heads of Government meeting at the earliest possible date in 1961. Support was given by the Greek Foreign Minister and to a lesser extent by the German Delegation, which felt that final approval of the U.S.A. military proposals should be given at such a meeting. However, when *Mr. Herter* explained that he could not commit the incoming United States administration, it was agreed after some discussion to consider the suggestion again in the Permanent Council in the light of developments in the new year.

Spring Ministerial Meeting

Ministers accepted the invitation of the Norwegian Government to hold the annual spring meeting of Foreign Ministers in Oslo in May.

[PIÈCE JOINTE 1/ENCLOSURE 1]

Annexe A

Annex A

SECRET

STATEMENT BY SECRETARY OF STATE FOR EXTERNAL AFFAIRS
DECEMBER 16, 1960

Mr. Chairman:

In the review of the international situation, I should like to say just a few words about the Soviet policy since May. Before doing that, I welcome the effective attention which has been given by the Political Advisers' Committee to the preparation of the paper which is the background of our discussion today. The report reflects the high level of experience of the experts chosen to participate in the discussion of this very complex and important subject and is, in my judgement, a real demonstration of the value which can be gained from political consultation. The paper demonstrates that changes in Soviet policy are not adopted solely for their effect on the West, but also have important internal causes in the Soviet Union. The degree of importance which we attach to such changes should therefore be correspondingly less. I think we all agree that the Communist bloc is hostile to the West and will continue to be so in the foreseeable future. We are also probably agreed that the advantages to us of Khrushchev's policy of détente outweigh the disadvantages. I think, therefore, that we should hope that Khrushchev will sooner or later take up this policy again in his relations with the West. At the same time, we should be prepared for departures from it, caused by internal and bloc factors. In the face of these oscillations, we should try to maintain our policies as steadily as possible and not consider the present tough Soviet attitude to be a special cause for alarm. By his past performance, Mr. Khrushchev appears to be sufficiently flexible so that he can retreat from a situation which develops too dangerously. Therefore, if our own position is consistent and well known to the Communists, we are actually diminishing the danger of war by sticking to it and not retreating or attempting to modify it hastily in the face of Soviet threats and pressure.

However, the recent Communist summit meeting, and the statement which it issued, compels us to look further than this. Two things have struck me about the communiqué issued in Moscow at the conclusion of the meeting of the Communist parties. First, that the Russians and the Chinese were able to agree on a detailed statement covering all the major areas in dispute between them; second, that they have produced a document which, on the most essential issues, commits neither side to a retreat from its present policies. It is true that the statement accepts the Soviet position on many questions, but it does so in such a way that the Chinese could continue to pursue their present course and still find justification for it in the statement.

We have no way of telling how effective the meetings and statements have been in bringing about greater accord between the Soviet and China, except to watch the behaviour of the two sides in the months ahead. It does seem to me unlikely that either side will renounce its position completely or that they will be able to find a middle road acceptable to both. On the other hand, having signed the statement they are now less likely to quarrel about their differences in public. I think it will be important for Western policy to take account of this situation. Firmness and steadiness will be the first essential, so that the Chinese are discouraged from viewing us as a paper tiger, and from urging this view on the Russians. On the other hand, we should not permit firmness to turn into rigidity. Otherwise it will be hard

for Khrushchev to argue with the Chinese that negotiation and compromise are possible and desirable.

In terms of our appreciation of Soviet policy itself, and of the consequences of the Sino-Soviet dispute, as revealed by the Moscow Conference, total war is, by reason of our retaliatory strength, no longer regarded by the Soviet Union as an instrument of policy. We should, therefore, prepare ourselves for the possible overture the Soviet Union will make to negotiate on the major problems which stand between us. We must be certain among ourselves what our vital interests are, in order to take advantage of the situation, and that Mr. Khrushchev understands our determination to defend them. And, moreover — and I think this is very important — moreover, we must also be agreed among ourselves what room we have for manoeuvre. We should be able thereby to avoid pursuing policies which are simply a response to Soviet Russia. Too often, Mr. Chairman, we get caught in that position, seeming to pursue policies which are merely a response to the Soviets.

As a defensive alliance, the military strength of NATO will be used only against aggression. I suggest that we should be able to demonstrate that the vitality of our political philosophy is such that flexibility is not a sign of frailty, and that the strength we command will be used in the interests of peace, and as an additional inducement to negotiations.

[PIÈCE JOINTE 2/ENCLOSURE 2]

Annexe C

Annex C

SECRET

STATEMENT BY SECRETARY OF STATE FOR EXTERNAL AFFAIRS
DECEMBER 16, 1960

Mr. Chairman:

At this stage I should like to say just a few words about the proposals made by Secretary Herter. I imagine that we are all agreed that these important, very important proposals which he has submitted will require careful study, not only by Ministers who happen to be here at this meeting but by member governments before they will be in a position to express opinions on the substance of the proposals. That is certainly the situation insofar as Canada is concerned. These studies will of course be directed not only to the military aspects of the proposals but to their political and economic implications as well. The question of control of nuclear weapons under the proposed arrangements would be among the many central problems on which important questions will have to be answered.

In the meantime, however, public expectation of important decisions to be made by this meeting has already been aroused by speculation in the press. More recent comment has no doubt helped to place this matter in more accurate perspective. Nevertheless, the impression that new decisions are about to be taken at this meeting doubtless still persists. I would hope for my part that the communiqué and any public statement will make it clear that all that has occurred at this meeting is that certain suggestions have been put forward for discussion and for further study.

Since these suggestions involve new concepts in NATO nuclear policy, I think we should avoid linking them in the communiqué to earlier decisions taken by the Ministerial Council. I also hope that the communiqué will convey the balanced account of the purposes of NATO which we have always sought to maintain in the past.

I have in mind, of course, that there should be an appropriate reference to our determination to promote a peaceful settlement of outstanding international issues, including disarmament, while maintaining the defensive strength of our Alliance.

The Canadian Government will be glad to give very careful thought to these proposals; they must, of course, be tentative, because, as Mr. Herter has said, to implement at least some of them would require legislation by the United States Congress.

We were very glad to have them, and, as I have said, Mr. Chairman, we will give them the most careful consideration, but we do suggest that these proposals should not be used to blow up this question and these suggestions as the great issue before this present meeting, and it certainly should not be the case that the story goes out to the press that decisions have been made on these proposals at this meeting.

These decisions cannot be made until the governments have had full opportunity to consider the proposals.

[PIÈCE JOINTE 3/ENCLOSURE 3]

Annexe E

Annex E

SECRET

STATEMENT BY MINISTER OF NATIONAL DEFENCE
DECEMBER 17, 1960

Mr. Chairman:

This is the first occasion on which I have been present as a Defence Minister at a NATO meeting and may I say that I have been deeply impressed with the earnestness and spirit of co-operation evident in the discussions of the important matters before the Council. This spirit, which I am sure will be carried over into the further examination of various proposals and problems will, I believe, result in timely and effective solutions. It is apparent that, from the standpoint of seeking solutions, these problems fall into two rather distinct categories. On the one side, we have those problems which require initially a co-ordinated agreed approach by all the NATO partners. Some of these have been aired at this meeting of the Council and I wish to single out later one or two which I believe merit special attention.

The other category of problems are those which face the NATO partners as individual nations and which are susceptible to solutions through whole-hearted acceptance of individual nations' responsibilities. I have particularly in mind here those aspects of the Annual Review which indicate a wide degree of variance in the progress which individual countries of the Alliance are making in their contribution towards the overall force goals.

While the Annual Review spares no one of us completely, examination of the country chapters does reveal a great difference in progress towards accepted goals. Clearly the NATO partners must concentrate on those aspects of NATO defence for which they have individual responsibility if we are to bring about a collective improvement in our NATO defence system.

As I mentioned a few moments ago, there are other important and complex problems to be faced together — problems for which solutions must be found in concert, but in the fundamentally important field of our force goals, the responsibilities of individual nations are clear-cut and inescapable.

I may assure you that Canada intends on her part to continue to discharge her responsibilities effectively in this field. I have noted with gratification the satisfaction expressed by the

Supreme Commanders in the Annual Review, regarding the uniformly high state of readiness and effectiveness of the Canadian forces committed to NATO. We fully intend to maintain this position and, as you are aware, are carrying out major programmes to equip these forces with up-to-date equipment. In this respect, I should like to say that Canada recognizes that she has accepted obligations to supply forces under NATO Command equipped with, and ready to use, the most up-to-date and effective weapons.

I do not wish to dwell further on specific Canadian measures towards reaching the accepted force goals. I should like, however, to mention with great gratification one important factor contributing in no small way to the efficiency of our Canadian personnel in Europe and that is, the favourable effect exercised on the morale of our men by the co-operation, assistance and plain friendliness of the officials and people of our NATO allies.

Only a few weeks ago, I visited the units of our air division and our Brigade Group and, in speaking to our officers and men, it was apparent how deeply this friendly attitude had impressed them. Nothing could be more effective in demonstrating how worthwhile has been our active participation in this Alliance and I wish to convey our deep appreciation for this to all of our NATO partners and particularly, of course, to the countries in which our units are stationed.

I should like to touch upon one other matter, which we feel very strongly has an important bearing on the ability of the individual partners to attain their force goals and on the ability of the Alliance to make effective use of the forces at its disposal. I refer here to the matter of standardization. Standardization not only of equipment but also of procedures. Mr. Strauss, I was glad to see, brought up this question this morning. I do not wish to dwell on this matter in detail but I do feel most strongly that we must make a more wholehearted effort to achieve real progress in these fields.

Thank you, Mr. Chairman.

8e PARTIE/PART 8

L'OTAN ET LE MONDE LIBRE
NATO AND THE FREE WORLD

224. H.C.G./Vol. 10

Note de l'ambassadeur en République fédérale d'Allemagne

Memorandum by Ambassador in Federal Republic of Germany

CONFIDENTIAL [Bonn], September 8, 1960

NATO AND THE FREE WORLD

The Task of the 1960s

1. NATO must in the sixties develop and maintain greater military and economic strength, moral purpose and internal unity if it is to continue to deter aggression by the Russo-Chinese bloc and if the fabric of the North Atlantic Community is to be further strengthened. This memorandum is concerned with the danger that we shall fail to achieve this dual purpose unless we are very clear in our own minds about the nature of the most critical international problems of the sixties.

2. My contention in this memorandum is that many, if not a majority, of these critical problems are not in their pith and substance aspects of a contest with Communism or with the Russo-Chinese bloc, that for such problems the NATO Council is not generally the most effective primary organ for consultation and coordination of policy, and that it would be dangerous to use it as such. This does not mean that NATO should not concern itself with these problems. Indeed the contrary is true. But it does mean that NATO must not try to set itself up as a sort of directorate of the free world.

3. The reason I believe it would be dangerous for NATO to try to do this is that this would make difficult or even impossible success in the task of creating and preserving in the sixties a high degree of unity, prosperity and personal freedom within the whole of the free world, whether it is coloured or white, underdeveloped or developed, Asian or European, African or American or Australian. The imperative task of the sixties is, I submit, to create and preserve that kind of unity, prosperity and freedom, for without it the mastery of the world will before long rest with the Russo-Chinese bloc. While therefore I believe that a ten year plan for NATO is needed, I also believe that a ten year plan for NATO is not enough. What is most needed is a ten year plan for the free world.

4. Such a plan should be based on a functional and pragmatic approach to world problems. I mean by this that at one time for a particular subject one agency would be used as the principal vehicle for consultation and common action within the free world, at another time or for another subject another agency would be used, and that each agency would be strengthened to the extent necessary for it to carry out its tasks. Canada is peculiarly fitted to play a major role in this kind of functional and pragmatic approach to world problems. This provides Canada with an opportunity and a challenge.

The Main Problems of the 1960s: Their Nature.

5. It is not easy to select out of the many important problems which are likely to confront us in the sixties, those which will probably prove to be the most critical. The following is my list:

(1) How to minimize the dangers to the free world created by the rise of China to the rank of a first-class power;

(2) How to organize effective help to India to speed up its economic development;

(3) How to prevent independent Africa south of the Sahara from relapsing into chaos and how to facilitate the orderly progress of the remaining dependent territories in Africa (including Angola and Mozambique) to independence;

(4) How to deal with the population explosion;

(5) How to work out equitable international arrangements under which the Western industrialized countries will each accept its fair share of a rapidly increasing flow of low-priced manufactured goods from the under-developed countries;

(6) How to work out effective international agreements to reduce the dangers resulting from the development of methods of mass destruction;

(7) How to maintain an effective balance of military power with the Russo-Chinese bloc; and

(8) How to reduce the dangers created by the division of Europe into a Soviet Zone and a Western Zone, particularly the division of Germany and of Berlin.

6. These problems are, of course, related. They exacerbate each other. But even if Communism did not exist, if Russia and China did not exist, or if Russia and China were liberal democracies, would not many of those problems be intractable and endanger the peace and welfare not only of the advanced countries but of the whole world? Is not this, for example, true of the problems of India and of Africa? Would not the present explosive growth in the population of the world, the difficulty in obtaining acceptance by Western nations of

cheap manufactured goods from underdeveloped countries, and the control of methods of mass destruction constitute serious problems? While problems like these have significant implications for the struggle between the Russo-Chinese bloc and NATO, surely they have their core and origin in circumstances not directly related to that struggle.

Some Possible Methods of Tackling the Main Problems of the 1960s

7. Another way of approaching this question is to ask ourselves, in respect of some of the main international problems of the sixties, what agency or channel is inherently most appropriate in each individual case for consultation and for the formulation of agreed policies.

8. Take, for example, the problem of China. The two large countries of the free world which are most directly and immediately concerned by the growing might of China and the recklessness of its policies, which are indeed in clear and present danger from China, are India and Japan. They also have special knowledge of China. Without their cooperation it would be difficult if not impossible to work out and implement a common free world policy calculated to reduce to a minimum the dangers of China to the free world. Japan and India are proud countries; they are constantly suspicious that, just because they are coloured, the West is not treating them as equals. Are we not more likely to secure their full cooperation if they are treated from the beginning as equal in status with the Western powers principally concerned — the United States and Great Britain? Once there is a possibility of fruitful discussions on a new free world policy to China, would it not therefore be wise for these four powers to consult together, each of course keeping its special friends and associates and allies informed through NATO, SEATO, CENTO, the Commonwealth and the African-Asian group?

9. Then there is the problem of organizing effective help to India to speed up its economic development. This is a difficult and delicate problem, for if the aid is to be most helpful it must be accompanied by friendly constructive advice and it is not easy for a poverty-stricken, coloured, proud and sensitive country with an ancient civilization and a rich culture to take advice from wealthy, white donor nations. At present the principal agency which is being used for the purpose of organizing advice and aid to India is the International Bank, aided by a consortium of the principal potential givers of aid acting under the Bank's auspices. India has become accustomed to dealing with the International Bank and the consortium. Should not the Bank and the consortium remain therefore as the principal agencies for coordinating free world policy on aid to India?

10. As for the problem of trying to prevent Africa south of the Sahara from relapsing into chaos, is it not likely that the chances of the political leaders of the non-white part of the free world, and particularly the leaders of Africa, cooperating in a sensible policy would be diminished if they thought that this policy had originated in discussions in the North Atlantic Council? For they are suspicious of a Council which includes so many colonial or ex-colonial powers having what in their eyes are dubious records in dealing with colonies or former colonies. Thus they consider that Belgium committed grave errors by not training the Congolese for self-government and that Portugal is continuing to commit similar and even grosser errors in Angola and Mozambique. They do not have a high opinion of the Dutch record in dealing with the Dutch East Indies when it was still a colony or with Indonesia after it became independent. They are still reserving judgment on France because, to offset its recent generally good record in black Africa, there are the armed struggles which it has waged in the past fifteen years in Syria, Indo-China and North Africa. It seems evident that the agencies of the free world which are most likely to be able to work out a policy on Africa which will carry with it the judgment of the bulk of the free world, both white and coloured, are the Commonwealth, the International Bank and the United Nations in its various aspects, especially the Special Fund under Mr. Hoffman, the expanded programme of technical

assistance and a U.N. police force. Already the United Nations has in the summer of 1960 demonstrated in the Congo that it can in Africa act as the executive agent of the free world.

11. There are probably two main aspects of the problem of the explosion of the population of the free world. The first is to discover a cheap, reliable, safe, oral contraceptive or a vaccine giving temporary sterility. The second is to persuade people to use it. The North Atlantic Council is peculiarly unfitted to deal with either of these problems. In the first place most of the countries represented on the Council have large Roman Catholic populations and the Roman Catholic church appears to be resolutely opposed to the use of contraceptives. Secondly, the countries in which it may be most difficult to persuade people to use contraceptives are the Asian and African countries. The task of working out effective methods of persuasion had best be left to the governments of those countries, acting perhaps in consultation with each other, or through some agency which they themselves have been instrumental in setting up. Hindus, Muslims, Buddhists and pagans are not likely to welcome the intervention of white people from Christian countries in so delicate and intimate a matter.

12. A major international trade problem of the sixties will be to work out equitable international arrangements under which Western industrialized countries will each accept its fair share of a rapidly increasing flow of low-priced manufactured goods from under-developed countries. Here the countries which are most capable of leading the way to a solution of the problem would appear to be the four leading world traders.— the United States, Great Britain, Germany and Canada. Though these countries are all members of NATO, the question still arises whether they should consult in the first instance or primarily with their fellow members of the NATO Council or whether GATT or the International Bank would not be more appropriate forums.

13. This kind of examination of five major international problems of the sixties demonstrates, it seems to me, that the list of agencies most suitable for undertaking primary responsibility for dealing directly with problems of this type may be extensive but can scarcely be regarded as including NATO. This in turn suggests that it would be unwise for Canada and the other members of NATO to provide any grounds for a belief that they propose to use the NATO Council as a sort of directorate of the free world, a forum for the general determination of policies to be carried out by them through NATO or other agencies as may be deemed expedient but decided nevertheless by the NATO powers in the NATO Council. The five problems examined above, and others like them, have of course significant implications for NATO's efforts to develop and maintain greater military and economic strength, moral purpose and internal unity in order that it may continue to deter aggression by the Russo-Chinese bloc and further strengthen the fabric of the North Atlantic Community. Exchanges of views upon various aspects of problems of this kind should therefore take place in NATO from time to time, and such exchanges may on occasion include the examination of possible or proposed courses of action by one or more of the members of NATO. But it is essential that when such discussion does take place in the NATO Council it should not rest on the false assumptions that, because these problems have a bearing on the struggle between the Russo-Chinese bloc and NATO, they are in their essence part of that struggle, that the North Atlantic Council should therefore take the lead in working out possible solutions and that, if the lead is taken in some agency other than NATO, the legitimate concerns of NATO are likely to receive less than adequate attention.

14. For many problems it seems clear that it would be wiser if the lead were to be taken not by NATO but either by some other international agency or by an ad hoc group of those free countries, whether members of NATO or not, which are especially concerned with the problem, have special knowledge of it, or are in an especially good position to help implement an agreed policy. To attempt to use NATO as the principal free world agency for dealing with

all problems which impinge on the struggle between the Russo-Chinese bloc and NATO, would greatly lessen, if not eliminate, the possibility that the two main parts of the free world — the North Atlantic and the coloured — could work in harness.

The Basic Prerequisites of Free World Unity.

15. It is going to be extremely difficult to maintain within the free world during the sixties a degree of unity on the main international problems sufficiently great to enable the free world to hold back Russo-Chinese expansionism. The problems of the sixties will be difficult enough no matter how well they are handled. They will be insoluble unless all the countries which are in a position to help significantly lend their active cooperation and support. Countries such as India, Japan, Pakistan, Egypt, Nigeria, Brazil and Mexico can give significant help. But they are far more likely to cooperate in implementing a free world policy if they have a sense of having participated fully and as equals in the decision-making process which finally led to the formulation of that policy.

16. In order to secure their active cooperation two things are necessary. The first is for the Western powers to make clear that they do not believe that all the main problems before the world are aspects of a struggle against Communism. The second is for the main Western powers to treat the other principal countries of the free world as their equals in consultation on problems in which their concern is at least equal to that of the West.

17. In my farewell despatch from Delhi in May of 1957 I emphasized these two points in relation to India. They have a wider application. I then said: "They [the Indians] argue that it is an extreme simplification of a highly complicated problem to present the problem before the world as Communism versus anti-Communism. Equally important are the demands of colonial peoples for self-government, the demand of coloured races for racial equality, the revolt of two-thirds of mankind against its poverty, its disease and its illiteracy. All these, they say, have created a revolutionary ferment in Asia and Africa. How to deal with this ferment is [in their view] as important or more important than how to deal with Communism."

18. I went on to say that India interpreted "a failure to consult India on an issue which is important to India and to Asia not merely as a snub to Nehru but as a snub to India and as demonstrating a failure to recognize the importance of Asian opinion and the profound changes which have taken place in Asia since the war as a result of a revolutionary ferment born of nationalism and an urge for economic betterment."

19. Moreover the NATO countries do not possess a monopoly of wisdom. On many issues the policies formulated for the consideration of the free world would probably be a good deal sounder if the appropriate non-NATO members of the free world as well as the appropriate NATO members had participated as equal partners in their formulation.

Hazards to Free World Unity

20. Canada has been apprehensive lest the establishment by the United States, Great Britain and France of a tripartite directorate or the development of increased political consultation among the six members of Little Europe might reduce Canada to the rank of a second-class member of NATO. The fact that we have this apprehension should make it easier for us to comprehend the kind of apprehensions which countries like India, Japan, Pakistan, Egypt, Nigeria, Brazil and Mexico would have if they thought that NATO was trying to arrogate to itself the role of a sort of political directorate of the free world. Such apprehensions have indeed already arisen on various occasions; already there is to a disturbing degree a sense of separation between the NATO group of powers and other large sections of the free world, surpassing a difference of view on specific and limited and practical questions of policy. This uneasy relationship has been a characteristic of the 1950's which it would be naïve not to recognize, and at critical times it has become strained almost to breaking point. A vital task of

the sixties is not only to prevent a further separation but to nurture and consolidate the rather limited confidence which major sections of free world opinion have at present in the collective behaviour of NATO powers. In these circumstances it would be disastrous for the NATO powers, in approaching problems not essentially the concern of NATO as such but rather of various free countries including NATO members, to flaunt their NATO hats.

Consultation: The Choice Among Available Agencies

21. The strains already existing in the relations between the NATO powers and other important countries of the free world would not be lessened — they would indeed be increased — if NATO were, as has been suggested, to build up stronger links with SEATO and CENTO for these two organizations include only one country, Pakistan, of the leading non-white members of the free world. The chances, therefore, of the United States, Great Britain and their Western associates carrying with them the non-white countries of the free world would be even further diminished if the NATO powers were to give to the members of SEATO and CENTO a preferred position in consultations on world problems.

22. Moreover any such development would subject the Commonwealth to a strain which might become almost intolerable. India, Malaya, Ceylon, Nigeria and Ghana are outside of NATO, SEATO and CENTO, and all are quick to conclude, if they are excluded from consultation on a matter of concern to them, that it is because of their colour. These countries have three-quarters of the total population of the Commonwealth.

23. May I emphasize again the principal point which I made in my memorandum of last October on "Canada and the strengthening of the new Commonwealth."[83] I then said: "The task of strengthening the links between the members of the Commonwealth is one of great difficulty and delicacy. There are many obstacles to be avoided. Thus there must be no impression given that the four white members consider themselves superior to the coloured members or that they belong to an inner group in the Commonwealth. The newer members are touchy about their newly acquired independence. They must be persuaded that a stronger Commonwealth does not diminish their independence; that instead it adds to their influence ... The one essential requirement of greater Commonwealth unity is greater Commonwealth consultation, and greater exchange of information among Commonwealth countries. The motto of the new Commonwealth must be "consult, consult, consult." This is a principle which members of the Commonwealth readily affirm but the reality of the consultation which in fact takes place among the members of the Commonwealth is often remote from the ideal."

24. The free world has many agencies for the exchange of information, for consultation on policy, for working out common programmes of action. NATO is only one of these many agencies. There are also the Commonwealth, the Colombo Plan, the International Bank, the International Monetary Fund, GATT, OECD, the Organization of American States, and, as the Congo crisis has recently demonstrated, the U.N. and the specialized agencies in certain of their aspects. What is required to unite the free world on wise courses of action in the sixties is increased consultation, coordination and common action within all of these agencies and where appropriate agencies do not exist to deal with a certain problem a temporary ad hoc group of states can be informally called together.

25. The essential point is for the North Atlantic countries not to consider the North Atlantic Council as the exclusive agency for consultation among them on world problems, or even as always the most important agency; not to consider that the North Atlantic Council is the agency in which preliminary discussion should necessarily take place; not to assume that

[83] Voir/See Volume 26, document 143.

discussion in the North Atlantic Council should necessarily lead to a common attitude or a common policy or common action.

26. The tidy pattern of increased consultation within NATO might have been an appropriate prescription for the fifties. It is not appropriate for the sixties. Increased consultation within NATO which is not accompanied by increased consultation within those agencies which are composed of a representative group of nations of the free world both white and coloured could endanger our peace and security.

Some Thoughts for the Future

27. A ten year plan for NATO is needed. But a ten year plan for NATO is not enough. Indeed unless it is accompanied by plans to strengthen other international agencies of the free world, a ten year plan for NATO may frustrate the very purposes we have in view. What is most needed is a ten year plan not for NATO but for the free world.

28. The free world's chances of survival are increased the more united it becomes, the more prosperous it becomes in all its parts, the more personal and political freedom there is in all its parts. The primary task of the sixties is to create and maintain within the free world ever greater unity, prosperity and freedom. The pursuit of this objective will at times require sacrificing unity within NATO in order to secure the cooperation in a workable solution of the governments most directly concerned and a wide measure of support throughout the free world. This has recently happened in respect of the Congo. It is certain to happen again.

29. The time is not ripe for trying to build a constitutional or institutional structure for the free world. But the time is ripe for driving down to bed rock the pilings on which a constitutional structure of the free world could eventually be built. Most of the existing international agencies for free world consultation, cooperation and common action can be made into pilings for such an eventual free world structure.

30. What is required is a functional and pragmatic approach to the solution of the world problems of the sixties. What we should do in the next few years is to feel our way forward using for a particular subject at one time one agency as the chief organ for consultation and common action within the free world and at another time or on another subject another agency, sometimes having the preliminary consultation in one, sometimes having the preliminary consultation in another. We should strengthen each agency to the extent necessary for it to carry out its tasks. Perhaps out of this kind of functional and pragmatic approach there may gradually emerge during the sixties the outline of some institutional or constitutional structure for the free world as a whole.

Canada's Role

31. Canada is peculiarly fitted to play a major role in this kind of approach to a solution of the main world problems for Canada's associations within the free world are rich and varied. Canada is, for example, one of the leading members of NATO, the Commonwealth, the Colombo Plan, GATT, the OECD, the International Bank, the Monetary Fund, I.C.A.O. and F.A.O. There are few nations in the free world which rank among the leading members of so many important agencies of the free world. This provides Canada with an opportunity and a challenge.

32. Canada has this year given a welcome impetus to moves to strengthen NATO. Last year it gave a successful impetus to moves to strengthen the International Bank and the Monetary Fund. Now it has an opportunity to give an impetus to the strengthening of the other agencies of the free world. Strong winds of change will be blowing through Washington after the election. If Ottawa now launches the free world on a new course, the winds from Washington may carry it safely to port.

225. A.D.P.H./Vol. 1

L'ambassadeur aux États-Unis
à l'ambassadeur en République fédérale d'Allemagne

Ambassador in United States
to Ambassador in Federal Republic of Germany

PERSONAL AND CONFIDENTIAL Washington, October 4, 1960

Dear Escott [Reid],

Your personal note of September 14† arrived just a little before your Despatch No. 701, dated September 12.[84] I have now read the Despatch with pleasure and profit and shall make two or three comments which may be of interest as coming from this harried capital although they will possess little originality.

In the first place, let me say that your memorandum is a good one. It is thoughtful, fresh and untrammelled by the customary detail in which most such papers bog down. You have put it in the frame of "NATO long-term planning" and this is fair enough but its chief value is that it proposes not so much a plan as a philosophical and practical approach to all our international relationships.

I entirely agree that the NATO Council is not the best place for consultation and coordination of all policy for the free world and I am attracted by what you call "a functional and pragmatic" procedure in the choice of the international groupings best suited to the main problems of the sixties and beyond. The evidence so far is that NATO is having great difficulty in looking after its own primary (and geographically restricted) responsibilities. What is first needed in the N.A.T.O. Council is a thoroughgoing re-examination of Western defence policy including the nuclear arm and the taking of decisions to bring up to date the doctrine and practice in defence of the North Atlantic area. There are great difficulties in this restricted area and discussions in the Council so far do not encourage one to think that early solutions will be found.

De Gaulle's idea of a directorate for NATO, his triumvirate, who will roam over the rest of the world as well in their planning, is quite hopeless. If the other nations were to agree, which they will certainly not do, the results would be what you foresee.

I do not think that I would make the same list as you have of the main problems of the sixties and I would probably put them in a different order but I agree, of course, that your eight are among the most serious and that they and others are most likely to be capable of solution outside, but in relationship to, NATO. I shall not attempt to comment on your particular procedures for particular problems. There would be different views as to the best forum in many cases but, I repeat, I like the approach — pick the most appropriate to the problem, having in mind the special sensitivities and interests of non-NATO countries, uncommitted as well as "Western."

It is especially true in this country that people tend to see every international problem, and even some domestic ones, in terms of the struggle between Communism and freedom and it is, of course, also true that, even where the issues are intrinsically otherwise, the competition and conflict between the two philosophies affect the attitudes of governments as well as peoples on all or virtually all international questions. In the USA, this factor is certainly in the course of affecting very directly the battle between the candidates. Last week, the first round in "the great debate" was devoted to domestic policy; but Mr. K. or Communist imperialism were

[84] Voir le document précédent./See the previous document.

brought in on both sides, and in almost every context. I wouldn't be surprised if it were somehow dragged into the World Series which opens today.

This kind of oversimplification of all major issues is, of course, to be deplored for it tends to distort and even prevent objective judgment and often to prejudice and frustrate efforts at solution. But the pervasive colour and influence of the ideological conflict is there and there is nothing to be gained by pretending it is not.

I am afraid that I cannot accept your proposition that Canada, in present circumstances, is "peculiarly fitted" to play any "major role" in a strategic redeployment of the free world despite our membership in and association with the principal world organizations. There has been a considerable change in the world community in recent years and in our own position and it is my impression that, for a variety of reasons, Canadian opportunities for successful initiative are not so auspicious nor so frequent as at an earlier and simpler post-war stage. This is not to say that we do not have chances of making our views heard nor that our voice has no persuasive power. I would certainly favour our "tactical" use of your functional and pragmatic approach but I would be very dubious of any measure of success in any attempt on our part to launch any general campaign.

You speak of strong winds of change blowing through Washington after November 8. You may be right but it is at this moment far from certain whence the breezes will come or whither they will go. I am not sure that third parties, whatever their predilections, can draw much comfort from the campaign so far.

These are random and uncoordinated thoughts. I would much prefer to talk with you but I suppose that is unlikely for a while yet.

Thanks for your reference to my feeling better. I am. In fact, for the first time in a year now, in fact since we were together in Paris, I have felt completely normal for the last three weeks.

Our affectionate regards to you both.

Yours ever,

A.D.P. HEENEY

CHAPITRE III/CHAPTER III

RELATIONS AVEC LES ÉTATS-UNIS
RELATIONS WITH THE UNITED STATES

PREMIÈRE PARTIE/PART 1

CONVERSATIONS ENTRE LE PREMIER MINISTRE ET LE PRÉSIDENT, WASHINGTON, 3 JUIN 1960
PRIME MINISTER'S CONVERSATIONS WITH THE PRESIDENT, WASHINGTON, JUNE 3, 1960

226. H.B.R.

Note d'une conversation avec le Président des États-Unis

Memorandum of Conversation with President of United States

SECRET [Ottawa], June 9, 1960

PRIME MINISTER'S CONVERSATION WITH PRESIDENT EISENHOWER, JUNE 3, 1960

The Prime Minister and the President had approximately one hour's private conversation before officials were called in. This memorandum, which should be read in conjunction with Mr. Bryce's memorandum of June 4,[1] records the information which the Prime Minister gave me on June 8 concerning the private part of the conversation.

Interceptors and the CL-44[2]

The Prime Minister said that he had told the President that the figure of $105 million which the United States had set as the purchase price for 66 F-101B aircraft was unreasonably high. The President said that he had been given to understand that, bearing in mind the high cost of modern aircraft, the figure quoted for the F-101B was not unreasonable. He hoped that he had not been misled and would take steps immediately to discover how that figure had been arrived at. It was at this point in the conversation that General Goodpaster was called in and asked to secure details (see Mr. Bryce's memorandum for Goodpaster's report later in the conversation).

The Prime Minister said that in speaking about the F-101B he had not intimated to the President that the Canadian Government would necessarily close a deal involving the F-101B and the CL-44 even though a good bargain could be made. The Prime Minister said that officials might follow the matter up with the United States authorities with a view to determining the extent to which the purchase price for the F-101B might be scaled down from $105 million.

Exercise "Sky Shield"

The Prime Minister said that the President neither agreed nor disagreed with the position taken by the Canadian Government on Exercise "Skyhawk."

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[1] Voir le prochain document./See the next document.

[2] Voir 4e partie, section (c) de ce chapitre./See Part 4, Section (c) of this chapter.

The President had said that the United States Government attached importance to these exercises because there was no other way in which continental air defences could be thoroughly tested. After remarking that he had genuinely tried to remove the causes of disagreement between the Canadian and United States Governments, the President said that the matter of "Sky Shield" was one for the Canadian Government to decide. He hoped, nonetheless, that a decision would be forthcoming soon, and it was agreed that the Canadian Government would make its decision known to the United States Government by the middle of June.

Acquisition of Nuclear Weapons

The Prime Minister said that there had been a brief general reference on both sides to this matter. He had emphasized that the Canadian Government could not be placed in the position of having nuclear weapons "unless we exercise joint control" on the basis which prevails in the United Kingdom. The Prime Minister said that the President's reply had seemed to indicate that he did not expect that a solution of this problem (possibly the general problem of making nuclear weapons available to other allies) would be found during his term of office. The President expressed a cautious hope that in time it would become possible for some Canada-U.S. arrangement to be made which would not give rise to the spread of nuclear weapons to other states.

U-2 Incident

The Prime Minister said that in the President's comments on the U-2 incident there had been no suggestion whatever that the United States had been in the wrong. In the course of the discussion, the President said that he had had no alternative but to admit personal responsibility for the U-2 flight once Khrushchev had stated publicly that the President might not have been aware of it. Unless he had admitted personal responsibility, he would have been criticized for not being master in his own house. The President said that the decision to admit personal responsibility had been his own decision.

NATO Heads of Government Meeting

The Prime Minister said that President Eisenhower was "all for" a Heads of Government Meeting of NATO and even thought he would like to attend it himself if it were to be held before the end of his term and in Canada. He could not, however, go to Europe.

Miscellaneous

Speaking of Mr. Khrushchev, the Prime Minister said that he had been disturbed by Khrushchev's conduct which was becoming "irrational." He did not believe that Mr. Khrushchev had any thought of deliberately provoking a war. The President said that while the Soviet Union was inclined to boast openly of its achievements in the field of missile production, he did not think that the West need regard these boasts as a deliberate threat to the peace in present circumstances. He might feel a sense of danger if the Soviet stockpile of missiles reached 1600.

In another comment on the possibility of future war, the President remarked that war by intercontinental missile was "a very uncertain thing." There were all sorts of possibilities of unsuccessful firing. The President remarked in this context that the United States ICBM had reached a range of 9000 miles and that it had landed "within yards" of its target.

227. H.B.R.

Note du secrétaire du Cabinet

Memorandum by Secretary to Cabinet

SECRET [Ottawa], June 17, 1960

NOTES ON THE DISCUSSION IN PRESIDENT EISENHOWER'S OFFICE, JUNE 3RD, 1960

About four o'clock, Mr. Herter, Mr. Merchant, Mr. Wigglesworth, Mr. Heeney, Mr. Bryce and Mr. Robinson were invited into the President's Office where he and Mr. Diefenbaker had been talking for somewhat over an hour. Later Brigadier General Goodpaster, Staff Secretary to the President, came in and was present for perhaps half an hour before giving some information the President had been seeking.

The President indicated to us that he and Mr. Diefenbaker had discussed a number of matters and that they had sent for some information about the prices of the F-101B aircraft which General Goodpaster would bring in subsequently. The President said that he felt sure the prices that they had mentioned were not unreasonable because his recollections were that all fighter aircraft in the past decade have always cost over $1 million apiece.

Mr. Diefenbaker then mentioned the President's open skies proposal which he was intending to put before the United Nations and asked whether he would be prepared to have others join with the United States in sponsoring this proposal. The President said he thought that would be a good idea; Mr. Herter said the more the better and the larger the area covered in the offer the better. Mr. Diefenbaker then referred to the offer that Canada had made to the Russians in the past, contingent on the Russians making available like areas in their country for aerial inspection.[3]

Mr. Diefenbaker later referred back to this open skies proposal and asked if the President intended to present it himself to the United Nations. Mr. Eisenhower said that he did not intend to do so, that it was related to his own proposal of 1955 and he did not think it was necessary for him to put it forward personally. He went on to say that he had discussed this question of aerial inspection with de Gaulle in connection with the latter's proposals for including the means of delivery of nuclear weapons in the early stages of disarmament and had emphasized that this would mean detailed aerial inspection of Russia from Vladivostok to the Elbe. The President said that what they could now accomplish with aerial photography was simply amazing; he had shown on television a picture taken from fourteen miles up in the air that showed the six-inch stripes painted on a parking area.

The President then referred to the fact that they had been discussing the U.S. provision of wheat to India[4] and that the Prime Minister had expressed some concern that this would cause the Australians to have to divert wheat into other markets of interest to Canada. The Prime Minister said that he wholly appreciated that the United States had consulted Canada carefully on this matter and that many causes of friction had been removed in the whole question of surplus disposal of wheat. He felt there was danger, however, that this Indian transaction would re-open the possibilities of resentment in Canada over United States wheat disposals. He felt it could be removed by some sort of joint or parallel action in the field of surplus disposals. He mentioned that he had tried to have some sort of NATO food bank established

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[3] Voir/See Volume 24, document 117.

[4] Voir/See "U.S. and India Conclude Agreement Under Food for Peace Program," *Department of State Bulletin*, Vol. XLII, No. 1092 (May 30, 1960), pp. 889-92.

but we had not been able to make much progress in that direction. Some limited arrangement with Norway had now been worked out.

The President asked whether there was any way to get our officials together to work out some common plan on surplus disposals and the discussion came back later to this subject. The Prime Minister mentioned our concern over disposals of surplus wheat in Latin America and Africa on credit terms which we could not hope to match. The President said that they would look into that particular aspect of the matter.

The President later returned to the subject again, saying that there were a great many hungry people in the world who cannot afford to buy food, yet we in North America have tremendous surpluses. He wondered what we could do about it. People around the world were wondering where we stood as a group of civilized Christian countries on this humanitarian problem. Mr. Diefenbaker suggested that perhaps we should work out a general plan to which we could each contribute some of our surpluses. The President said that it might be possible to do something along this line if he had the kind of majority in Congress that the Prime Minister had in Parliament. He went on to say, however, that perhaps we could work out some broader plan to use the surpluses of North America and other Western countries for aid to the countries that were in need. Reference was then made to the Food for Peace programme[5] and to the storage costs being incurred both by the United States and Canada in holding stocks of wheat. (There was fairly clear agreement that we should follow up to see whether there was some form of joint or parallel action that could be taken by the two countries, possibly with other Western countries, on the most useful disposition of surplus stocks.)

During the discussion on wheat, Mr. Diefenbaker interpolated a few remarks about uranium. Following the President's joking reference to the possibility of using wheat for nuclear weapons, the Prime Minister pointed out that we had a big surplus of uranium too, which caused us real difficulties. The position was quite different in regard to farm products where we had surpluses piling up that were really needed to feed the big increases that were now taking place in the world's population. The Prime Minister drew attention to the importance of preventing differences in economic interests from weakening the solidarity of the Western nations.

Turning to another subject, Mr. Diefenbaker said he felt something had to be done on a high level to re-assess the position of NATO, looking ahead some ten years. He said the press in Canada did not agree with him that the Alliance had been knit more closely together as a consequence of the collapse of the Summit conference. He felt it was important to re-examine our own Western situation. The President asked whether he was referring to the economic side of NATO and Mr. Diefenbaker replied that he was speaking in terms of the general position in NATO.

The Prime Minister went on to refer to the 1957 NATO meeting[6] and said that he felt there had not been enough preparations for it and that none of the Heads of Government there seemed to reflect in their speeches a knowledge of where NATO was really going. He was proposing to suggest that the time has now come where there should be another NATO meeting of the Heads of Government for the purpose of strengthening and projecting NATO.

At this point Mr. Herter mentioned that the United States had suggested at the Council a study of the future of NATO and had set up a task force of their own officials in Washington to work on it under the direction of Mr. Bouie. The Prime Minister asked if they had submitted any of their ideas yet to other members of the Alliance and Mr. Herter said no; he did not think they would have anything ready until the Fall but the task force would be glad to discuss the

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5 Voir volume 26, les documents 262 à 265./See Volume 26, documents 262-265.

6 Voir volume 24, chapitre II, 4e partie./See Volume 24, Chapter II, Part 4.

subject with Canadian officials who might be interested. Mr. Diefenbaker was interested to learn of this. He said that he might make reference to the desirability for such a re-assessment in speaking at DePauw University on Sunday.

The President then enquired why Canada did not invite NATO to meet in Canada. He thought we would probably have the accommodation available and be able to provide simultaneous translation facilities to cut down on the delays that there would be in translation. He said that he would be prepared to go along with the idea of a review but thought the officials should consult about it before the top people sat solemnly behind a table pontificating on the subject. Mr. Diefenbaker picked up this reference and said he felt the 1957 meeting had not been an effective one in reaching any decisions. Indeed, it had reminded him of a newly-elected village council. The President said that he felt the purpose of that meeting had not been to reach decisions but rather to strengthen morale within the Alliance at a time when this seemed to be required.

The Prime Minister then said that he and the President had spoken about the proposed programme for testing the seismic effects of underground explosions below the level of 4.75 on the seismic scale. The President said that no one seemed to have mentioned this to the Canadians and there was some question as to whether the United States had heard of the proposal to carry on some observations in Canada. He also said that there had been some confusion over proposed explosions of nuclear devices in the tar-sands of Alberta. There was a brief discussion about the facts on what had happened concerning this tar-sands project, and a reference to the Richfield Oil company (of which company the president was to be present at the dinner that evening). The Prime Minister went on to say that Macmillan had told him of the proposed seismic tests in connection with the moratorium on underground explosions and explained about the network of points in the United States from which observations of the effects of the explosions would be made.[7] Macmillan had asked if Canada would make available some twenty sites arranged in two lines at suitable distances. Both the President and Mr. Herter said that they had never heard of Canada being involved in this. Mr. Heeney said that he thought the scientists in the Defence Departments of the two countries had been in touch about it. Mr. Diefenbaker said he understood there were to be tripartite teams carrying out these tests — U.S., U.K., and U.S.S.R. — including some neutrals. The President said that he had understood that if the United States territory was not big enough itself to carry on the tests, there might be some advantage in making observations in other countries. He said that Mr. Macmillan was determined to get an effective plan worked out for putting an end to all kinds of nuclear tests. Mr. Bryce said that he understood that what had been proposed to Canada was a part of the United Kingdom element in the coordinated research programme, but the Prime Minister thought that it may have been intended to go beyond that.

The Prime Minister then said that he and the President had discussed the Sky Shield exercise. The President said that he understood that the Canadian Government was going to examine the proposal again in the near future, see what was involved in it and make a decision by the middle of June.[8] The Prime Minister confirmed that this would be done.

The President said that one problem he would like to see discussed is how Canada and the United States could prevent stories about their relationships being picked up at an early stage by newspapermen who got public opinion all upset before there had been a chance to deal with the question at issue. He said the newspapermen had fifty thousand sources of information and it was very difficult to prevent them finding things out. He thought it might be necessary to try to overcome this by the more effective indoctrination of our own people and by efforts toward

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[7] Voir/See document 447.

[8] Voir/See document 291.

even closer communication of our ideas to one another as quickly as possible. The Prime Minister said that he was concerned about the lack of Canadian news in the United States by comparison with the enormous amount of United States news in Canada. On the subject of communication of ideas and the resolution of difficulties, he thought the joint ministerial committees on economic affairs and on defence had proven very helpful. He also felt that the joint parliamentary committee had been very beneficial to Canada and hoped that it was to the United States. There was then some brief discussion of the concern that the Prime Minister of Japan had of the press accounts at the time of his visit to North America, particularly in *Time Magazine*.[9]

The Prime Minister asked if there was anything that should be said about the discussions on the development of the Columbia River. The President said he thought these discussions were going famously and there was no need to talk about them. Mr. Heeney said this ball was now in the Canadian court and the Canadian group was preparing for the next meeting. Mr. Eisenhower enquired about General McNaughton and his role in these discussions.

The Prime Minister raised several questions relating to Communist China, asking the President first whether he did not feel it would be necessary to include Communist China in agreements relating to nuclear tests or disarmament. The President said this would not be desirable right away but must be done later. The Prime Minister mentioned the fact that the *Globe and Mail*, who had pressed so for recognition of Communist China and had sent a correspondent out there, had now been forced to withdraw its bureau from China.

The Prime Minister asked whether there was any change in regard to the United States' attitude toward recognition of China, referring to the conversation that he and Mr. Eisenhower had had on this matter in Ottawa two years previously.[10] The President said that he had discussed this matter with Mr. Nash of New Zealand recently, who had raised it saying that New Zealand might have to recognize China fairly soon. The President said that he would be against recognition himself under present circumstances but that, even if he were in favour of it, he simply could not do it because of the attitude of the American people. Indeed, he thought it would wreck the United Nations, at least in so far as the United States was concerned, if Communist China were admitted to the United Nations. He said that the American people were quite emotional about the prisoners they can't get back from China — indeed much more concerned about that than over threats to Formosa or other places.

The Prime Minister went on to ask then whether the United States expected any aggressive action by China in Formosa or elsewhere in the East. The President replied to this by saying that he differed with the Secretary of State in regard to expressing views in public on this matter. Mr. Herter had been asked whether aggressive action might be expected in regard to Formosa and had spoken of it as a possible next trouble spot. The President himself felt it was not desirable to pin-point places where the Communist Bloc might cause trouble. He was in favour of simply saying that they will look for places and probe wherever they think that they can achieve some effect. He himself did not think, however, that the Chinese or other members of the Communist Bloc would try any real blow in the near future.

On this point the Prime Minister then enquired as to whether the United States expected any challenge to the freedom of access to Berlin. The President said that he did not expect such action by Mr. Khrushchev, not simply because he had said they would not do it but because he had referred to this so forcefully on some occasions and Mr. "K" was concerned about his own reputation. The President thought they might get the East Germans to annoy Western countries over access to Berlin. At this point Mr. Herter read out a press report of the answer

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[9] Voir/See "Japan's Kishi," *Time*, January 25, 1960, pp. 24-30.

[10] Voir volume 25, chapitre I, 3e partie./See Volume 25, Chapter I, Part 3.

Khrushchev had given to a question on the matter that morning,[11] saying that if it appeared after another six or eight months that the West was not interested in a Summit meeting, then Russia would sign a peace treaty with East Germany which would put an end to the rights of access to Berlin of those countries that did not sign a treaty with East Germany, and if they tried to get to Berlin without signing such a treaty, then "we" would stop them. He emphasized the significance of the fact that the Russians seemed in this to imply that they rather than the East Germans would enforce the ban. The President said he did not think that the Russians intended deliberately to provoke the West to war in the near future. He thought that if Russia got two or three thousand missiles, they might then start some target practice but that this would not happen soon.

At this point, General Goodpaster supplied the information about the costs of the F-101B which had been requested. He had obtained through Mr. Gates' office an estimate of $1.6 million each, for a run of sixty-six, as the incremental fly-away cost of these last aircraft off the line. This did not include any spares, the cost of which could not be obtained quickly.

The President said that the United States was all ready and anxious to talk in detail about a transaction relating to these aeroplanes and they were not trying to be unreasonable in regard to the price. He asked if the Prime Minister would fix up arrangements for Canadian officials to discuss the matter further with the United States' authorities concerned and the Prime Minister said he would arrange for such further discussions. (The Prime Minister indicated later to Mr. Heeney that he had raised this question with the President including reference to the proposed acquisition by the United States of CL-44 aircraft.)[12]

At this point there was a brief intervention when the President received word that it had just been announced that Mr. Khrushchev had accepted an invitation to visit Cuba. The President thought that in doing this Mr. Khrushchev might be doing the United States a great favour as other Latin American countries will now see where the sympathies of Cuba lie.

The President turned from this to ask the Prime Minister when Canada was going to join the Organization of American States. The Prime Minister said that he had discussed this matter with the President of Mexico some weeks ago when he had been there. Previously Canada had felt that it was inappropriate, because of her position as a constitutional monarchy, to join an organization of republics. Moreover Canada did not want to be in more organizations, particularly those which might appear to clash with its interests in the Commonwealth. This argument, however, was not as strong as it used to be. With the large-scale development that is going on south of the Rio Grande and the growth in the population and importance of Latin American countries, Canada was going to have to reconsider its attitude on this question. Mr. Green was just back from Latin America and had been questioned as to why Canada remained aloof from the O.A.S. The President said that the United States was in lots of alliances and organizations now and indeed felt that such inter-connections were important. He had told the United Kingdom himself that they should get into Europe as effectively as possible.

The Prime Minister said to the President that he would not be surprised if Canada had an observer at the O.A.S. meeting next Spring. This limited action might seem like procrastination but it would be a step forward.

The President and Prime Minister then looked at the draft communiqué that had been prepared in advance by the others, and they both saw no objection to the three paragraphs that had been included. The President, however, again referred to the problem of how to manage public opinion and how to prevent the newspapers working up potential trouble spots into causes of friction between the two countries. The Prime Minister said that it was his

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[11] Voir/See *New York Times*, June 4, 1960, p. 6.

[12] Voir 4e partie, section (c) de ce chapitre./See Part 4, Section (c) of this chapter.

impression that Canadian-American relations in the past couple of years had been very good and indeed had been unequalled in the past. The President then said that he would like to see reference in the communiqué to the fact that the two Heads of Government had reviewed the history of the past several years, were pleased that so many of their problems had yielded to the consultative process and they looked forward to the same processes helping further in securing the welfare of the people of the two nations. The Prime Minister felt that reference should be made to the process of consultation by visits, by the normal diplomatic channels, and by ministerial and parliamentary committees. The President, however, felt that it would not be well to spell out the reference to the parliamentary committee because of the constitutional position of the United States in regard to foreign relations. It was agreed that the others should incorporate these suggestions into the communiqué which should be put out on Saturday morning at the time the Prime Minister was leaving Washington.[13]

R.B. B[RYCE]

2e PARTIE/PART 2

SENTIMENT ANTI-AMÉRICAIN AU CANADA
ANTI-AMERICAN SENTIMENT IN CANADA

228. A.D.P.H./Vol.1

Note de l'ambassadeur aux États-Unis

Memorandum by Ambassador in United States

PERSONAL AND CONFIDENTIAL. [Washington, n.d.]

MEMORANDUM OF CONVERSATIONS WITH THE PRIME MINISTER IN OTTAWA, TUESDAY, AUGUST 30, 1960, AND WEDNESDAY, AUGUST 31, 1960

Tuesday, August 30

This morning I saw the Prime Minister to say good-bye — we are off to Washington again on Friday — and our conversation turned out to be more than a perfunctory exchange.

After enquiring about my health, the P.M. spoke at once about the CL-44 position[14] (Guest, of the Prime Minister's office, and Notman, of Canadair, had both telephoned me about this yesterday). Mr. Diefenbaker said that, in view of the position taken by the government at the time of cancellation of the Arrow, it would be "politically *impossible*" to make any deal which would involve the acquisition of U.S. fighters. He was most emphatic on this and categorical. The Government had attempted an alternative *quid* for the U.S. *quo* in the manning by Canadians of further radar in Canada, but Gates had turned this down. Had I "any ideas" as to anything else we might suggest to encourage the U.S. to buy CL-44s? It would be a helpful offset to public criticism of U.S. policies if the U.S. Government would place an order with Canadair. Pace and Notman were eager that he (the P.M.) should phone the President about this but Mr. Diefenbaker was reluctant to do so — it would inevitably "leak out."

I said that my impression had been that the U.S. would not buy CL-44s unless we were prepared to re-equip our home squadrons with modern (U.S.) interceptors. I could think of no

[13] Voir « Entre voisins », *Affaires extérieures*, vol. 12, n° 7 (juillet 1960), pp. 682 à 683.
See "A Neighbourly Visit," *External Affairs*, Vol. 12, No. 7 (July 1960), pp. 678-679.

[14] Voir les documents 295 à 300./See documents 295-300.

"fresh idea" which would induce them to do so though I would, of course, be glad to take the matter up when I returned to Washington if the P.M. wished me to.

Mr. Diefenbaker then went on to speak of what he characterized as "anti-Americanism" in Canada. Since we had last met, the state of Canadian opinion in this respect had deteriorated seriously. In his judgment, anti-American sentiment was now worse than at any time in his lifetime or mine. The P.M. characterized popular criticism of the U.S. as growing into an "avalanche." This was causing him the greatest concern. He would like the President to know about this situation and his own assessment of its gravity for he was anxious that there should be nothing done during the remainder of the Eisenhower Administration to exacerbate relations between Ottawa and Washington. (He expressed deep personal respect and friendship for Eisenhower — distaste for Kennedy and a favourable opinion of Nixon.)

When I questioned him as to the reasons for this growth of anti-U.S. sentiment in Canada, the P.M. said that it arose from:

(1) the widespread impression that the U.S. were "pushing other people around."

(2) distrust of the U.S. military and anxiety over the Pentagon's real intentions;

(3) the economic aggressiveness of U.S. interests; and

(4) the adverse trading position.

Mr. Diefenbaker went on to express his resentment of the lack of any appreciable notice of Canadian affairs in the U.S. press, radio and television. He spoke of the U.S. press representatives in Canada in disparaging terms — they were second-rate and tended to file only critical pieces on Canada and Canadian policies.

Mr. Diefenbaker referred to the severe criticism of the U.S. by the Opposition mentioning particularly Liberal defence policies and the highly critical statements of Mr. Pearson. The forthcoming Liberal meeting at Queen's would be an occasion for further outbursts against the U.S.

The Prime Minister told me that he based his assessment of Canadian sentiment on his own extensive correspondence and the opinions of Members of Parliament. All evidence from these sources pointed to an accumulation of resentment and criticism of the U.S. which would, he repeated, burst as an "avalanche" of unprecedented proportions. He would in all probability, at the next session, have to introduce legislation to compel U.S.-owned corporations to disclose financial statements. He hoped he would not have to initiate other measures aimed at U.S. interests.

I said that what the P.M. had told me alarmed me greatly. I had known that there had been differences and criticism in Parliament and in the press of the U.S. Government and of Americans. I had had no idea, however, that anti-Americanism had reached such proportions. Generally speaking, the economic or commercial relations between the two governments were — continued to be — good. There would, I thought, be no serious difficulty in Washington about restrictive legislation of an economic character such as the P.M. had mentioned. The most serious issues, in my opinion, arose in relation to joint defence where the U.S. were currently worried about our co-operation. For example, they were puzzled by our hesitancy to go along with them in such matters as nuclear storage. (Here the P.M. interrupted, comparing the Liberal policy of *no* nuclear weapons for Canadian forces and purely Canadian control with the government's concept of "joining control." Here nothing new emerged.) I said that I regarded the Canadian-U.S. alliance as "our most precious international asset," the loss of which in its traditional friendly working would be tragic for Canada. What could I do on my return to the United States to counteract the developments of which Mr. Diefenbaker had been speaking?

The Prime Minister again invited me to express any ideas I might have, asked me to think the problem over, especially in relation to the purchase of Canadian transport aircraft, and to speak to him again tomorrow.

Our talk lasted something over half an hour.

Wednesday, August 31

I had another long talk this afternoon with the Prime Minister — lasting nearly an hour between two and three o'clock while he ate his lunch after a long Cabinet session.

I reported that, after reviewing the CL-44 matter and referring to Washington, I remained of the opinion that the U.S. would only be interested in buying from us if we re-equipped the RCAF with modern U.S. interceptors. Mr. Diefenbaker said "All right, then, they'll go their road, and we will go ours."

The P.M. then, reverting to the main subject of our previous conversation, showed me a letter, which he characterized as "intelligent" and as summarizing well the "anti-American" feeling among Canadians of which he had spoken yesterday. This was from a "young Conservative" and it forecast serious difficulty for the party if it did not take greater account of the widespread anxiety and dissatisfaction felt by Canadians about U.S. nuclear policies and economic aggressiveness in Canada. The letter had been read with care and marginal comments made by Mr. Diefenbaker. It was quite clear that the letter had made a deep impression upon him.

The Prime Minister then went on to read from and show me a loose file of other letters, all of which were severely critical of the United States and U.S. policies and urged that the government take action to halt the process which was allegedly infringing our independence and involving us in the risk of nuclear war. There were a number of references to Canadian "neutralism" as a desirable policy and to getting out of NORAD, even NATO — the main emphasis being on detaching Canada from U.S. involvement. A good many of the correspondents referred to the American commercial and financial take-over of Canadian resources and all, in one way or another, deplored the erosion of Canadian sovereignty. Many were abusive of the U.S.; all were highly critical of U.S. international behaviour. Many were highly emotional. The folder from which these were drawn — which Mr. Diefenbaker said comprised only those received in August — might, I suppose, have contained about 50 letters, perhaps more. They were mostly hand-written.

The Prime Minister — on the other side — showed me an offensive letter from an American criticizing the Canadian government for the premium charged U.S. visitors on their dollar. Mr. Diefenbaker had had a draft reply to this prepared but had not sent it.

The Prime Minister observed many times as he went through this correspondence that I would now see what he meant by telling me yesterday of the extent and depth of the wave of anti-Americanism which was sweeping across the country from one end to the other. In that connection, he mentioned the influence of Minifie's book[15] urging neutralism for Canada (that "expatriate," "for whom Canada wasn't good enough"). Mr. Diefenbaker did not share Minifie's views but I could see, he said, that they had made an impression upon many Canadians and were widely shared. Many newspapers had expressed and were continuing to support similar opinions; he mentioned particularly *The Globe & Mail, The Toronto Star, The Calgary Albertan, The Vancouver Sun.*

Mr. Pearson, the Prime Minister continued, had avoided neutralism and had not gone so far as to advocate Canada leaving NATO. But the Leader of the Opposition must accept large

[15] Voir/See James M. Minifie, *Peacemaker or Powder Monkey: Canada's Role in a Revolutionary World* (Toronto: McClelland and Stewart, 1960).

responsibility for the resurgence of anti-U.S. sentiment in recent weeks and months. Mr. Diefenbaker returned to this several times and referred especially to recent speeches of LBP in and out of Parliament. If these views had been expressed by other Opposition leaders — Martin, Chevrier — they would not have mattered, but Pearson had great influence.

Another evidence of Canadian sentiment, Mr. Diefenbaker went on, was the close vote in the CCF Convention on Canada leaving NATO. Only the personal intervention of Coldwell and Tommy Douglas had prevented its passage. And read what Argue had said! This was a national convention with representatives from all over Canada.

When I observed that the policies advocated in the correspondence which the Prime Minister had shown me would surely strike at the very base of the U.S.-Canada relationship, to the enduring value and nature of which the P.M. had borne frequent public witness, Mr. Diefenbaker seemed to agree. Nevertheless, he kept coming back to the new and violent sweep of anti-Americanism throughout Canada. He wanted me to appreciate and understand the widespread nature and gravity of this. Further, he wanted the U.S. Administration to be aware of it. When I asked whether he wished me to express his estimate of these developments to those in authority in Washington, he said certainly — they should know how Canadians felt about these things.

I said that I had been very much worried by what he had told me yesterday and now reinforced today about Canadian public attitudes toward the U.S. and toward American policies. I was not too concerned about measures which the Government might feel compelled to take affecting the U.S. and Americans in the economic field such as laws requiring disclosure of financial information by U.S.-owned undertakings in Canada or even steps which the Government might decide upon for safeguarding industrial operations in Canada. If I were given instructions in advance, I would, I thought, have no serious difficulty in explaining such actions in Washington. What was in my mind much more serious was the Canadian position in relation to general political strategy and policy, in particular our attitude on joint defence and on the Western Alliance. My nightmare was that, under the buffetings and criticisms of her allies and what Americans regarded as the failure of support from other nations, the U.S. would revert to a neo-isolationist policy. Here Canadian attitudes and actions were of great importance because of our traditional relations. Recent and prospective technological developments were such (the ICBM) that the concept of "Fortress America" was becoming feasible again; there would be not much longer the same need for overseas bases and for U.S. troops and installations overseas; a policy of isolation for the U.S. would again become feasible. It would be tragic if this came about as a result of the disintegration of the Alliance and doubly so if we — who not long ago had despaired of the U.S. accepting large and continuing international responsibilities — had any part in bringing about such a result. The very people who were criticizing the government now for not standing up to the U.S. would be the first to complain if such a sorry development were to come about.

The Prime Minister again seemed to acquiesce in my argument and referred to his explanations and defence of the United States, notably in his speech to Parliament in New Delhi.[16]

There were, I went on, one or two other points I wished to make before I left. In my twenty-two years of connection, in one capacity or other, with Canada-U.S. affairs, there had never been in Washington an Administration which, first, knew more about Canada and Canadian affairs and, second, tried more to meet Canadian wishes, than the present one. (I instanced the President himself, Herter, Dillon and Merchant.) Here the Prime Minister agreed

[16] Voir/See H. Basil Robinson, *Diefenbaker's World: A Populist in Foreign Affairs* (Toronto: University of Toronto Press, 1989), p. 75.

emphatically and spoke in high terms of his own relations with Eisenhower and his respect for the others I had mentioned.

In January, I continued, there would be a new Administration in the U.S. capital. Whichever party won, we would be confronted by those "who knew not Joseph." They would, for this reason and by reason of the individuals concerned, be much more difficult for us to deal with. This would not be my problem for I would be leaving Washington soon after the new President was inaugurated. (Here the Prime Minister interjected that it was understood that I should remain for only two years; I said that this was not my point — I would be willing to stay on a month or two after January 20 if that would be more convenient to the Government.) If it were not presumptuous, I would like an opportunity of expressing my views as to the kind of successor who should be appointed in the new circumstances — not the individual, of course, but the qualities that would be required of the Canadian representative in the new circumstances.

Finally, I asked, had the Prime Minister anything to say to me as to what I could do in this last phase of my mission toward the solution of the problem of current relations as he had described it to me? What could I do in Washington to alleviate the situation?

Mr. Diefenbaker had no particular instructions to give me, other than to repeat his judgment of the very grave extent of the recent increase in anti-American sentiment in Canada and to ask me to let the authorities in Washington know how seriously he regarded it.

As I left, the Prime Minister said that he valued these personal talks with me. He had earlier invited me to write him personally and privately when I had had an opportunity to assess the position after my return to Washington. This I undertook to do in a letter which he asked be marked "To be opened only by the Prime Minister" and sent special delivery.

A.D.P. H[EENEY]

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Note de l'ambassadeur aux États-Unis

Memorandum by Ambassador in United States

PERSONAL AND CONFIDENTIAL [Washington], September 14, 1960

MEMORANDUM OF CONVERSATION WITH THE UNDER-SECRETARY OF STATE FOR POLITICAL AFFAIRS IN WASHINGTON, TUESDAY, SEPTEMBER 13, 1960

Soon after my return to Washington on September 6, I arranged to meet privately and at length with Livingston Merchant to discuss the problem which the Prime Minister had put to me in Ottawa on August 30th and 31st. Merchant and his wife dined with us at the Embassy last evening and, afterwards, I had something over two hours private and very frank conversation with him.

I began by communicating to Merchant very fully the substance of my conversations with Mr. Diefenbaker as recorded in the memorandum which I had drafted immediately after leaving the Prime Minister's office on August 31st. I said that Mr. Diefenbaker had asked me to inform U.S. authorities of his assessment of the recent growth and extent of anti-American sentiment in Canada and of his grave concern about it. Because of Merchant's own official position as well as his personal knowledge and experience of Canada, I had thought it best to speak first to him rather than to the Secretary of State; at a later date, I would wish to meet Mr. Herter on the subject. Meantime I would like Merchant to pass on to him the gist of what the Prime Minister had said to me.

After speaking along the above lines, I added a number of personal observations: I said that I thought most Canadians, despite the current critical attitudes to which the Prime Minister had referred, assumed that relations between our two countries were basically sound and friendly and would continue to be. To most Canadians any serious departure from this traditional relationship was literally unthinkable and unthought. The present discontent seemed to me to arise from two main sources: first, genuine anxiety at the possibility of nuclear war and, in that context, worry, even distrust, over U.S. military intentions and, second, the extent to which U.S. interests were acquiring ownership of key sectors of the Canadian economy. There was perhaps little or nothing that the U.S. Government could be expected to do about the latter; the process was essentially one of private funds finding their way into attractive investments of one kind and another. Nevertheless, this economic "invasion" had given rise to genuine alarm in Canada and demands upon Ottawa for counter-measures were growing in strength. As to the former, Canadians were not alone in criticizing any action or attitude in the United States which seemed provocative and as tending to increase the likelihood of nuclear disaster. In this critical and delicate area, as Merchant well knew, the policies and "posture" of the United States were scrutinized closely and were frequently criticized in Canada as elsewhere in the Free World.

Finally, I said that I was not asking Merchant to make any comment now upon the communication that I had made to him. He would probably want to reflect upon its significance and, perhaps after speaking to the Secretary, get in touch with me again. I would hope that he would be able to do so before long, at least in a preliminary way, because early next week I expected to discuss the matter with the Minister in New York.

In his immediate reactions, Merchant was not wholly taken aback by what I had said. Indeed it was clear that he had had some intimation of the Government's assessment of the present state of Canadian opinion. Nevertheless he did express very deep concern and was quite evidently impressed and greatly worried that the Prime Minister himself should have reached the conclusions I had expressed to him. He had had reports from the U.S. Ambassador in Ottawa containing similar appreciations; also the State Department, following the Canadian press as they did, had of course been aware of Canadian criticism in certain quarters of U.S. policies and attitudes. In this last connection, Merchant mentioned that only last week he had sent the Secretary two pieces from *Maclean's* of September 10, one by Newman,[17] the Ottawa editor, on anti-Americanism and the other an editorial on arming of Canadian forces with nuclear weapons.[18] On the other hand, there were other publications in Canada which took and expressed contrary opinions.

Merchant also referred to a private conversation which he had had recently with the Minister of Justice in Washington. Mr. Fulton had left him with the impression that Canada could not continue her present level of support for NATO and joint defence.

Turning to the subject of economic relations, Merchant asked if I did not agree that, as between the two governments, things had been going very well. The U.S. Administration had certainly been trying hard to meet the Canadian Government's difficulties in such matters as oil imports and other bilateral trading matters and he had thought that the result had been to remove most causes of friction. What I had said about U.S. private investment in Canada and our mutual commerce was, of course, quite another matter. (With this I agreed and repeated that the Prime Minister fully appreciated actions which the Administration had taken

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[17] Voir/See Peter C. Newman, "The PM's Election Role: The Paul Revere of Canada," *Maclean's*, September 10, 1960, p. 2.

[18] Voir/See "Let's Not Let Politics Distort the Issue of Nuclear Weapons," *Maclean's*, September 10, 1960, p. 3.

particularly in recent months and years to remove causes of irritation; this was not the area of current difficulty.)

Referring to the meetings of the Ministerial Defence Committee at the Seigneury Club in July,[19] Merchant said that he had left feeling that good progress had been made. Indeed he had assumed that on two of the principal questions, nuclear storage and the CL-44-F101 deal, virtual agreement had been reached. He had been surprised and puzzled that Cabinet approval in Ottawa had not swiftly followed. On the other hand, he had realized that certain provocative interventions by the Chairman of the U.S. Chiefs of Staff, and the presentation of the Secretary of the Treasury on proposed U.S. measures concerning Cuba had both received a cold and critical reception from Canadian Ministers.

Referring to the mention of American neo-isolationist sentiment in my conversations with the Prime Minister, Merchant expressed the view that the revival of serious popular and Congressional opposition to present U.S. policies was a real danger to which recent and current allied attitudes contributed greatly. In this the position and policy of Canada and the support of the Canadian people were of real importance.

Merchant said that I might be quite certain that the Secretary of State (and the President) would be very deeply concerned at the Prime Minister's assessment of current Canadian sentiment in relation to the United States. He would take the first opportunity of bringing what I had said to the attention of Mr. Herter. The problem was "what could be done about it?" He would like to take my suggestion that he reflect upon the problem and then communicate with me privately again. In the meantime, he repeated that he would, of course, communicate the sense of our conversation to the Secretary.

Finally, Merchant suggested that the opportunity should be taken of the presence next week at the U.N. of the Minister and the Secretary to get them together. Mr. Herter's commitments over this next week or ten days were very heavy but he felt sure that the Secretary would so arrange his schedule as to meet the Minister if Mr. Green could do likewise. I said that I felt certain that the Minister too would wish to see the Secretary and I would telephone Mr. Green this morning with a view to fixing some time when both could be free for a private talk in New York.

A.D.P. H[EENEY]

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Note de l'ambassadeur aux États-Unis

Memorandum by Ambassador in United States

PERSONAL AND CONFIDENTIAL. [New York], September 23, 1960

II. MEMORANDUM OF CONVERSATION BETWEEN
THE SECRETARY OF STATE AND THE MINISTER

September 20, 1960

At noon today the Minister and I called on the Secretary of State at his suite in the Waldorf Towers. The appointment had been made by Merchant, following our conversation of last week. Merchant was with Herter during our talk, as was Foy Kohler, Assistant Secretary for European Affairs (who made notes). The conversation lasted close to an hour which, with the

[19] Voir/See document 302.

timing of the appointment, seemed to me a pretty good indication of the importance attached by the Secretary to Canadian relations.

After talk of the U.N. Assembly, opening this afternoon, particularly in relation to Africa, Herter raised the question of current Canada-U.S. relations. (It seemed obvious to me that for the first twenty minutes or so he was giving Mr. Green the opportunity to speak first but the Minister declined to be drawn.)

The Secretary said that he had been receiving disquieting reports as to the state of Canadian opinion. He heard that there was among Canadians antipathy and antagonism toward the U.S. This, if accurate, disturbed him seriously, particularly at a time which was difficult and dangerous and when the U.S. was being battered severely elsewhere by those who did not know the U.S. so well. It would be a sad case if Canada and the U.S. were unable to get along together.

The Secretary added, not unkindly but nevertheless quite pointedly, that he hoped that the Canadian political parties would not enter into a competition in anti-Americanism and that any such tendency would not develop further and would be checked. Such a development could not but lead to serious consequences in our joint affairs.

Further, if his reports were true, Mr. Herter continued, they (the U.S. government) wanted to know "what 'they' could do about it." What were the causes of difficulty? He had been under the impression that the Administration had been — not unsuccessfully — working toward satisfactory solutions of Canadian-U.S. problems.

The Minister responded by saying that he did not think that things were so bad as the Secretary had been led to believe. Certainly there had been and continued to be a good deal of criticism of the U.S. and of Americans in Canada. But this had always been, more or less, a feature of Canadian life. He thought that it was to be attributed basically to the fact of our being a small nation living up against a powerful U.S. and to the resultant fear by Canadians of "American domination."

In the economic sphere, Mr. Green continued, there was and had been recently little or nothing in the policies or actions of the U.S. *Government* which gave us ground for complaint. (He did mention that actions by U.S. parent companies under U.S. regulations and of the U.S. anti-trust administration where Canadian companies were involved had caused some trouble. U.S. surplus products disposal practices were also referred to later.) Canadian concern in the economic area related rather to the extent and nature of private U.S. investment in and control of Canadian undertakings. This had created the impression that Canadian freedom of action, independence, was being limited. It was possible, that the Canadian government would have to introduce certain (unspecified) legislation to check and correct this process, for example so as to require certain percentage of Canadian control of certain types of operations.

The Minister said that he thought that our current difficulties arose not from economic issues but rather from another cause. Canadians "were not nearly so worried about the Russians" as were Americans. This was an important distinction between public opinion in the two countries as witness the fact that both parties in the current U.S. election campaign were harping on defence while in Canada there was no support at all for increased military expenditure.

Further, Mr. Green went on, the U.S. Administration's estimate of the actual risk of war seemed to be much gloomier than that of the Canadian government which tended to take a more optimistic view. Possibly, however, there was a distinction between the appreciation of the U.S. State Department and that of the Pentagon.

Mr. Green said that there was among Canadians a widespread feeling that nuclear war must be avoided. The U.S. Defense Department were thought by some to be courting such disaster

by provocative words and actions. The U-2 incident had profoundly shocked Canadians. (Because it was "spying," asked Herter, "or because we admitted it?")

The Minister said that Canada had no desire to become another nuclear power. The government were opposed to the spread of nuclear military capabilities. His own personal view was that Canadian forces, in Canada at any rate (overseas formations might be different), should not be armed with nuclear weapons. He thought this was a position which would be widely shared in Canada.

Mr. Herter had suggested that defence cooperation between the two countries might have been hampered by a lack of coordination between Canadian military and civil authorities. Mr. Green felt this might have been so, e.g. in the first planning for "Sky Hawk."[20] At the same time, the Canadian military authorities had been very cooperative in our disarmament work, were perhaps less war-minded than their U.S. counterparts.

Despite these differences, the Minister agreed that relations between the two countries continued to be "as friendly and intimate" as it was possible for those of any two nations to be. He (Mr. Green) found that he could talk to U.S. officials as he could talk to those of no other country — "even the British." More than that, Canadians generally assumed close and friendly relations with Americans — as a matter of course. He would not worry too much about reports of anti-Americanism in Canada; the Conservatives had criticized the Liberal Government when in power for not standing up to the U.S.; now that the Liberals were in opposition, they were taking the same tack.

Reverting to his earlier question, the Secretary said what could the U.S. government, either of us, do to counteract the divergence between us? The Minister had no specific suggestion, but repeated that reports of anti-Americanism should not be taken too seriously; the situation remained fundamentally sound.

Brief reference was made to the CL-44 deal. I explained the present position as set out in my memorandum after my talk yesterday with the Secretary of the Treasury.[21] Mr. Green said that the matter had still to receive approval by the Canadian Cabinet.

In leaving, the Secretary said that after he returned to Washington, he would like to have a private talk with me over this whole subject. It was clear that Merchant had passed on the substance of our conversation.

On our way back, Mr. Green expressed the greatest admiration for Mr. Herter. He was a fine man — "completely the opposite of what Canadians expect an American to be!" The same went for Merchant.

The P.M. (in his talks with me), the Minister said, had exaggerated the situation. It was not as bad as that. "He should not have got 'these people' all upset." But Mr. D. was 'tired,' he added by way of explanation.

A.D.P. H[EENEY]

[20] Voir volume 26, les documents 199 à 213./See Volume 26, documents 199-213.
[21] Non retrouvé./Not located.

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Note de l'ambassadeur aux États-Unis
pour le secrétaire d'État aux Affaires extérieures

Memorandum from Ambassador in United States
to Secretary of State for External Affairs

PERSONAL AND CONFIDENTIAL. New York, September 22, 1960

Merchant and I had a brief telephone conversation last night (you had asked me to find out what I could about the Secretary of State's reaction to your talk with him Tuesday morning).

Merchant said that, although during your conversation, Mr. Herter had not expressed himself as emphatically as he might have, you could take it he was very seriously disturbed and concerned.

I have no doubt that I will be hearing more when the Secretary returns to Washington.

Incidentally, I told Merchant that I was to see the U.S. Secretary of Defense this afternoon on the CL 44 deal and that Cabinet had authorized a firm Canadian proposal. Merchant said that Mr. Herter would be glad to hear this.

A.D.P. HEENEY

232. A.D.P.H./Vol. 1

Note de l'ambassadeur aux États-Unis

Memorandum by Ambassador in United States

PERSONAL AND CONFIDENTIAL [New York], September 23, 1960

I. MEMORANDUM OF CONVERSATION WITH THE MINISTER

September 20, 1960

I saw the Minister last evening, September 19th, at his apartment at the Mayfair House, New York. We talked for two hours, between 9 and 11 — alone.

I began by recounting to him my two conversations with the Prime Minister, pretty well as set out in my memorandum (August 30 and 31), commenting here and there to illustrate my own estimate of U.S. policies and intentions and to point up my concern as to the grave effects for Canada, the Alliance — and the U.S. — of further weakening of the Canada-U.S. relationship.

Having explained the reasons why I had decided to adopt that procedure in carrying out the P.M.'s instructions, I then described to the Minister what transpired in my conversation with Merchant — pretty well as set out in my memorandum of September 14 from which I read.

Mr. Green listened closely as I talked, occasionally interrupting to examine in more detail points which I raised. His comments may be summarized as follows:

1. On the general question of "anti-Americanism" in Canada, he agreed with the P.M. that there was widespread criticism of the U.S. among Canadians. He agreed with my opinion that there were the two main sources — first, anxiety over the possibility of nuclear war and, in that context, distrust of U.S. military policy and, second, worries over American economic headway in Canada.

2. Of the two, the former was the more serious. Apart from occasional instances where U.S. government action involved consequences in Canada contrary to the Canadian policy (refusal

to allow Canadian Ford to sell to Communist China),[22] the remedy for the economic problem lay with us, not with the U.S.

3. As regards defence, Canadians did not want to get involved in the nuclear competition between the U.S. and the Soviet Union. There was strong feeling that we should have nothing to do with nuclear weapons in Canada. This was at the root of the government's reluctance to sanction even storage on U.S. bases.

4. U.S. aggressiveness in international affairs, for example, the American attitude over Cuba. (The suggestion that we should cooperate in U.S. measures was totally unacceptable.)

5. Canadian opinion was widely divergent to American as to the threat of Soviet aggression (both political parties in U.S. in current campaign were contending for strengthened defences; the opposite was the case in Canada — a clear reflection of what Canadians thought).

6. It was quite true that the U.S. Government had met us on economic difficulties; there were no serious issues between the governments in this area.

7. His own view was that the P.M.'s estimate of the extent and depth of anti-Americanism in Canada was "exaggerated;" on the other hand, Mr. Diefenbaker was very good at appraising public sentiment and had sources which had proved reliable in the past.

On the specific matter of the *CL-44s*, I gave the Minister the memorandum which I had prepared that morning.† He read it and said he would have the Under-Secretary put this up to the P.M. for Cabinet decision. There had been sharp divisions among Ministers on this question. He himself remained opposed to our acquiring U.S. fighters; there was not only the political difficulty to which the P.M. had referred with me; he himself would be reluctant to see Canadian forces acquire aircraft which would eventually require nuclear armament (the 66 Canadian-manned 101's would simply replace U.S. fighters and result in moving the same interceptor element farther north). However, he would accept Cabinet's decision in this matter and I would be instructed precisely as to what I should say in Washington. There had been great pressure from various sources (Pace – Notman) for conclusion of a deal but, he repeated, the political consequences of any arrangement involving U.S. re-equipment of RCAF squadrons would be very serious.

I raised the matter of the *MB-1 agreement* and urged that prompt approval be given to this as one item which did not involve the considerations the Minister mentioned and might alleviate U.S. concern over the Canadian government's basic attitude. Mr. Green said that approval was being held up by the P.M. He agreed, or appeared to, when I urged that this was distinguishable from other nuclear proposals as it had reference to U.S. weapons and U.S. bases. He thought this might be valid but was obviously worried at the idea of any nuclear devices being located on Canadian soil. (My judgment is that this instinctive repulsion from nuclear involvement of any kind is at the base of Mr. Green's own negative attitude on all defence matters, especially where the U.S., the great nuclear power, is involved).

Apart from our position on specific measures, I said, my anxiety derived from the fact that we continued to support the principle of joint North American defence with the U.S. but there was, or seemed to be, a gap between our professions and our performance. Our frequently-stated public position was that the U.S. nuclear capability (SAC) was the deterrent upon which we, and the rest of the free world, depended. Our contribution to the joint defence was a contribution in the first instance to the protection of that deterrent. It seemed to follow that we should do what was necessary to maintain the efficiency of our element in the joint defence arrangements. Did this not imply doing what was held to be necessary for the effectiveness of these arrangements including, in due course, the arming of Canadian forces with nuclear

[22] Voir/See Volume 24, document 918.

defensive weapons? And meantime their preparatory equipping and training on this assumption? It seemed to me that the only alternatives to this, our ostensible policy, were either to stand aside altogether in some sort of neutralist role (Minifie) or to confine ourselves to supplementary conventional arms and leave the defence of North America to the U.S.

The Minister would not accept this proposition. He said that there would be total destruction of Canada if we were caught by a nuclear war between the two major antagonists. At the same time, Mr. G. said he was certainly no neutralist nor follower of Minifie (who had very little influence on Canadians). Only recently he had in public speeches in British Columbia repudiated a policy of neutrality for Canada (it would not be in accord with Canadian tradition — v. 1914, 1939; worse "it would be bad for the Canadian character"). He had had good applause for this sentiment. Canadians were not in any danger of espousing a neutralist attitude.

I asked whether it would not be possible "politically" in Canada to launch a spirited public defence of U.S. policies at any rate in terms of the general objectives of policy. Mr. Green thought that such an attitude would be very damaging in the present state of Canadian public opinion. At the same time, he agreed, there had been and was much that was commendable in U.S. policies and behaviour. It was in large measure the relative extent and complexity of the international responsibilities the U.S. had undertaken which differentiated American attitudes from our own.

Should I undertake one or two public speeches on this theme in Canada? Or was the subject too charged politically for a civil servant? At first the Minister thought this might be good but, on second thoughts, felt I should clear any such proposal with the P.M. as he had raised with me the problem of anti-American sentiment.

We parted at 11:10 p.m. or so, agreeing that our conversation (inconclusive as it had been) had been useful. We would be meeting Herter tomorrow and see what developed. He would also take up with [Norman Robertson] the CL-44 proposal.

A.D.P. H[EENEY]

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Note de l'ambassadeur aux États-Unis

Memorandum by Ambassador in United States

PERSONAL AND CONFIDENTIAL [New York], September 23, 1960

THE MINISTER'S TALK WITH THE SECRETARY OF STATE

September 21

Today the Minister expressed concern as to the Secretary of State's reaction to yesterday's talk. He was afraid that Herter would be "all upset." The P.M. had exaggerated the situation. Could I find out from Merchant how Herter felt?

I spoke to Merchant this evening (see my note to the Minister, September 22). He left me in no doubt that the Secretary of State was genuinely disturbed. I drew his attention to the central importance of Mr. Green's personal reluctance to having Canada participate in nuclear arming. Merchant had seized the significance of this.

September 22

When I reported my conversation with Merchant to the Minister, he expressed the view that Herter was not unduly disquieted. I demurred; we had not heard the last of it, I felt sure.

A.D.P. H[EENEY]

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Note de l'ambassadeur aux États-Unis

Memorandum by Ambassador in United States

PERSONAL AND CONFIDENTIAL [Washington], September 27, 1960

MEMORANDUM OF CONVERSATION BETWEEN THE MINISTER OF FINANCE AND THE SECRETARY OF THE TREASURY, SEPTEMBER 26

Last evening I had given the Minister of Finance (who is staying at the Embassy during meetings of the World Bank and Fund) a summary "run-down" of the talks in which I had taken part from August 30th with the Prime Minister, the Minister, Merchant and the Secretary of State. Mr. Fleming had expressed concern at this development and the view that the government had some responsibility for setting public opinion aright. We spoke of the possibility of this matter being raised when he saw Mr. Anderson the following day.

This afternoon, the Minister asked me to accompany him (with Rasminsky and Plumptre) when he called on the Secretary and, toward the end of an hour's conversation, Mr. Fleming himself raised the subject. He said that he understood that there was some concern in Administration circles at evidence of anti-American attitudes in Canada. In his own judgment, these manifestations were superficial "froth and foam" and should not be regarded as affecting seriously the basic soundness of the relationship between the two countries. He asked whether Mr. Anderson was worried on this score.

The Secretary was quite obviously familiar with the recent growth of Canadian criticism of the United States, particularly in its military policy. He said that he thought that this arose in part because of the increased industrialization of Canada and competition between Canadian and U.S. business interests. This phenomenon was not dissimilar from that which had occurred in the United States when the South complained that the North was "robbing" it by taking profits from the acquisition and processing of Southern raw materials; incidentally, the shoe was now on the other foot and "books were being written" to show that the South was now robbing the North in the course of its own industrialization.

The major current concern in relations between the two countries, Mr. Anderson continued, was in the field of defence policy. He was not sure that there was not a pretty wide divergence between strategic and political "concepts" in Ottawa and Washington. Here (in the USA), it was generally thought that, if war were to come, it would be an all-out business which would involve the whole nation and full employment of nuclear weapons; so that the USA felt it necessary to maintain an adequate (nuclear) deterrent.

Many Americans, the Secretary went on, were getting weary of bearing the major part of the defence effort for the free world. If one included interest on the debt of World War II, 82% of the U.S. budget went for military purposes; 52% if one included only military aid in addition to direct U.S. defence costs. In such circumstances, criticism from allies, in particular Canada, tended to rouse resentment and bad feeling.

It was, in Mr. Anderson's judgment, quite essential that senior officials of the two governments maintain the closest, frankest relationship with one another with the object of meeting and dealing with differences before they became enlarged and inflamed and harder to dispose of. In that connection, he gave an instance of a misunderstanding which had arisen when he was negotiating the St. Lawrence Treaty some years ago (as Secretary of Defense) with General McNaughton. By pinning the misunderstanding promptly, it had been dissipated. This was the technique we should always adopt and we could do this if we remained in close contact and high officials of the two governments had mutual confidence.

The Minister said that he hoped that the Secretary would let him know at once if, now at any time, there were anything which he, Mr. Anderson, felt that members of the Canadian Government could do to improve our relationships or avoid or alleviate difficulties. Personally, he attached the greatest possible importance to the maintenance of our traditionally close and friendly association and to the continuance of genuine confidence between the two governments.

Finally, Mr. Fleming said, he wanted the Secretary to know that, in his judgment, the recent public criticisms of the United States and of U.S. policy were in large part the result of ignorance of the facts. Fundamentally, the feelings of Canadians toward Americans remained and would continue in the frame of our traditional friendship.

A.D.P. H[EENEY]

235. J.G.D./VI/171

L'ambassadeur aux États-Unis
au premier ministre

Ambassador in United States
to Prime Minister

PERSONAL AND CONFIDENTIAL Washington, September 27, 1960

Dear Prime Minister,

From the point of view of our relations with this country, there is no doubt that your speech before the General Assembly yesterday[23] was a great success. Livingston Merchant, who had just returned from New York, called me a few moments ago to say how well it had been received and how "splendid" he had thought it. "It was like a breath of fresh air," he said, in the uncertainty and pessimism which had permeated the Assembly since Khrushchev's vituperative effort on Friday last.

Indeed, quite apart from the helpful consequences within the Alliance and among the "uncommitted" nations, the effect of your going to New York and speaking as and when you did is bound, I believe, to be salutary in the special situation about which you spoke to me in Ottawa just before I returned here. Since our two conversations then, I have naturally been very much worried about what might result from the widespread "anti-American" sentiment in Canada which was causing you serious concern and which you asked me to draw to the attention of senior U.S. officials. In the interval, I have had a long private talk with Merchant who probably knows and understands Canada best among the top people in the Administration. I have had a brief word with the Secretary of State and, as Howard Green may have had an opportunity of telling you in New York, I accompanied him when he saw Herter last week and on that occasion the subject was also discussed.

There is no doubt that the assessment which you asked me to convey to high U.S. authorities of the present state of Canadian opinion has caused them serious concern and some bewilderment. Members of the Administration, including I have no doubt the President himself, feel, with some justification I think you would agree, that, during their term of office, they have made considerable effort to meet Canadian complaints and difficulties. Despite this, they now find themselves widely criticized and learn that anti-American sentiment is causing Canadian authorities serious anxiety. Their immediate reaction is "What can be done about it?"

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[23] Voir/See Canada, Department of External Affairs, *Statements and Speeches 1959-60*, No. 60/32.

In this situation, as I say, your speech at the U.N. has been most helpful here and, I would hope and expect, in Canada as well, particularly following as it did the firm and constructive speech by the President. Howard Green's private talk with Herter was also valuable,[24] I believe, in confirming the really excellent personal relations which exist between principal members of the two governments. Only yesterday, I was with Donald Fleming when he had a long conversation with the Secretary of the Treasury which illustrated once more the extraordinary intimacy and mutual confidence existing between Cabinet members in the two governments. This relationship of "Ministers," like your own personal relationship with the President, is of course not the same as public opinion but it does constitute, it seems to me, a solid base on which to build.

As you said, when we talked in Ottawa, the major current difficulties between the two countries revolve around defence policy and military questions. There is no doubt that, as Mr. Green pointed out to the Secretary of State last week, Americans generally are more conscious of the Soviet threat and consequently of the need to maintain strong defences than are Canadians. There is plenty of evidence of popular opinion on this topic here nowadays as the political leaders on the two sides move into the final stages of the election campaign. Then too, Canada's relationship to the defence of the nuclear deterrent (SAC) and to its effectiveness as the shield of the West is complicated and difficult, not only because of the special horror which surrounds the nuclear weapon but also because of natural Canadian sensitivity to anything which appears to impinge upon our independence, particularly in vital matters of war and peace.

In this last connection, I am hopeful that the offer which the Cabinet authorized me to make last week[25] for the "swap" of Canadian CL-44s (plus Canadian manning of Pinetree stations) for U.S. fighters may, if accepted by the Administration, help to restore and strengthen our defence relations. Another question, the solution of which would, I believe, do much to improve the situation in this area, is approval of the "MB-1" agreement for nuclear storage, provided that a formula can be found which is satisfactory from the Canadian point of view. My impression is that, at the Seigniory Club in July, we were very close to a solution which would meet Canadian reservations.

I hope that during your talk with the President, you were able to touch on this problem of "public" relations between the two countries which is causing you such anxiety. I will be interested to know if this were so. For my own part, I expect that, when the Secretary to State returns from New York, he will want to talk to me privately again. If you have any further suggestions as to what I might say, I would, of course, be very grateful for your guidance.

Yours sincerely,

ARNOLD HEENEY

[24] Voir/See document 230.
[25] Voir/See document 298.

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Note de l'ambassadeur aux États-Unis

Memorandum by Ambassador in United States

PRIVATE AND PERSONAL [Washington], September 30, 1960

THOUGHTS ON CANADIAN DEFENCE POLICY

1. It seems to me that there are three directions in which Canadian defence policy might logically develop. These can be defined roughly as follows:

First, *a neutralist policy*. This would involve renouncing our traditional joint defence arrangements with the United States, leaving NATO and sharply reducing our defence expenditures. Under such a policy, Canadian defence forces could be restricted to "coast guard" operations and patrols, probably sea, land and air, which would have no military significance.

Second, *a limited policy*, based upon the denial to Canadian forces of nuclear weapons of any kind or training for nuclear weapons with concentration on conventional defences. Such a policy could be accompanied by full and public acceptance (or reaffirmation) of the Canadian reliance on the USA nuclear deterrent and, as a corollary to this, willingness to do everything necessary or desirable to improve not only the defence of the deterrent but also its effectiveness. So, for example, while Canadian forces at the disposition of a joint Canada-United States command, NATO and the U.N. would be strictly conventional, Canada would contribute directly to the efficiency of the nuclear deterrent by the provision of bases, storage, refuelling points and so forth for SAC as well as for NORAD.

Third, *continuation of the present policy*, as developed since 1940, Ogdensburg. Ostensibly this involves full cooperation with the United States in North American defence, in the protection of the deterrent, facilitation of U.S. strategic nuclear power *and* the preparation and training of Canadian forces for nuclear armament. In fact, this has tended more and more to mean "integration" of Canadian elements with those of the United States, at any rate in North America. The process has been slow and spasmodic and, though based upon fairly consistent "doctrine," has led to criticism within and outside government circles in Canada.

2. The first policy, with variations and additions, is not far from the C.C.F. or the new party platform as I understand it. The second may have some features in common with the new Liberal position although this is far from clear. The third policy is that which has been followed by Canadian governments, Liberal and Conservative, since before Pearl Harbour. Practice has tended increasingly to diverge from official profession, not only where Canadian "sovereignty" appears to be involved but especially where there is some nuclear element in the mix.

3. An important advantage which might be claimed for a policy along the second line would be that it would tend to withdraw the poison from recent Canada-U.S. defence relationships. It would enable the Canadian Government to be frank and cooperative in its dealings with the United States. It would enormously facilitate the use of Canadian geography for North American defence and it would enable Canadian (conventional) forces to be fitted in precisely with those of the United States while, at the same time, retaining, I think, a larger measure of national identity. In this conception, Canadian forces would be tailored to tasks for the North American Alliance, for NATO and for the U.N. to which they were suited. Another considerable advantage would be the contribution of such a policy by Canada to restricting to

the U.S. and the Soviet Union the use of the nuclear weapon. Such a policy would and should not involve any reduction in Canadian defence expenditure.

4. The third "traditional" policy has become greatly confused in the public mind and, I believe, in the minds of those who have to operate within it on both sides of the border as nuclear and other technology has developed. The special public distaste for Canadian involvement in anything to do with the nuclear weapon has been partly responsible for this and the rigidities of U.S. law have added to the difficulty. Consequently it has not been possible for Canadian governments to accept the full implications of agreed principles and the tendency has been to delay and even refuse proposals involving Canadian action even though such actions are clearly implicit in professed policies and recommended by the military advisers of both nations. If the traditional policy is to be continued, there would be advantage in having it restated fully and frankly and it seems to me the Government could minimize rather than add to their difficulties at home by a reaffirmation of closest military partnership and a frank admission of what that involved in terms of integration and joint command.

5. There are obvious difficulties in any one of these three courses, both practical and political, domestic, bilateral and multilateral. Nevertheless, I am inclined to the opinion that, unless an attempt is made soon to develop a coherent line, the situation at home and in our relations with the United States is likely to become worse rather than better. The first step would be a serious and certainly "agonizing" reappraisal in Ottawa on a political and military level. It would also be necessary to have very private conversations with U.S. authorities before anything final were decided. Such an undertaking, even if it did not result in dotting the I's and crossing the T's, is, I am sure, long overdue. Finally, although I have sketched in very roughly three distinguishable courses, it is obvious that there is also a good deal of unexplored territory between each and that combinations and shifts of emphasis would be possible.

A.D.P. H[EENEY]

237. DEA/3300-40

L'ambassadeur aux États-Unis
au sous-secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Under-Secretary of State for External Affairs

PERSONAL AND CONFIDENTIAL Washington, November 1, 1960

Dear Norman [Robertson],

You will remember that, during my conversations with the Prime Minister at the end of August, when he mentioned the likelihood of economic measures having to be taken which would affect Canada-United States relations in the economic area, I emphasized the importance of our being given the opportunity of informing the U.S. Administration in advance. Mr. Diefenbaker certainly gave me the impression that he agreed that this should, and would, be done.

We have, of course, been aware from newspaper speculation and other sources that a good deal has been cooking in this realm over the past couple of months. Barrow of Trade and Commerce has been down here for the last couple of days in connection with U.S. arrangements for assistance to "Small Business" and he has given us privately a more specific description of the kinds of things that are under study.

Now that Parliament is to meet on November 17th, I presume that the Government will be under increasingly heavy pressure to reveal their economic programme and I presume that it

will include a number of measures in which the United States will have an interest. If this be so, I do very much hope that arrangements will be made for me to be instructed to let the appropriate U.S. authorities know what is intended before they read it in the newspapers. I realize that this may cause some practical difficulty in Ottawa. Nevertheless, it is of great importance in terms of our general relationship in the economic and commercial field that we should at least let them know what we are intending to do and why.

You may regard this as less an appeal for "consultation" (although I think that in some instances we might go that far) than for the opportunity to give notice of intention.

Bob Bryce has promised to do his best to see that we are warned but I thought I should drop you this personal line to emphasize the importance I attach to "early warning."

Yours ever,

ARNOLD [HEENEY]

238. CEW/Vol. 3175

Note de l'ambassadeur aux États-Unis pour le directeur adjoint, Direction générale des Relations commerciales internationals, ministère du Commerce

Memorandum from Ambassador in United States to Director, International Trade Relations Branch, Department of Trade and Commerce

CONFIDENTIAL [Washington], November 25, 1960

Today I saw Livingston Merchant, Under-Secretary of State for Political Affairs, on Canada-U.S. relations in general.

2. Among the topics which we covered in our talk were recent developments in the economic situations and policies of both countries. I took the opportunity of drawing to Merchant's attention in this connection certain features of the Speech from the Throne and to the prospect of legislation in Parliament which would affect the United States in one way or another. No doubt the State Department was being kept well informed currently by the U.S. Embassy in Ottawa in this area. For the moment, I could do no more than refer to those passages from the Throne Speech which touched upon prospective measures. I hoped, as the Government programme developed, to be able to inform U.S. authorities more fully and specifically before legislation were enacted.

3. With respect to the recent presidential directives arising out of the U.S. imbalance of payments,[26] I said that I hoped to see the Under-Secretary of State upon his return from Europe and discuss the relationship of these measures to the bilateral Canada-U.S. position. Meantime, I wanted to draw to the State Department's attention the distinction between the position of Canada and that of other countries, notably Germany. As he knew, Canada itself was in serious imbalance with the United States on current account and, if the presidential directive were to be implemented fully in respect of Canada, this situation would be worsened. I hoped, therefore, that the United States would, in the application of these measures, adapt their incidence to the Canadian situation.

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[26] Voir/See "President Outlines Steps to Improve U.S. Balance-of-Payments Position," *Department of State Bulletin*, Vol. XLIII, No. 1119 (December 5, 1960), pp. 860-63.

4. Merchant asked (though not wholly seriously) how we would react to an embargo upon U.S. capital movements into Canada. They would be of an order, he thought, to correct perhaps the total outflow of U.S. gold. I responded by saying that, if the U.S. were mad enough to undertake any such measure, our reaction would not be hard to forecast.

5. All of this preliminary to my conversation with Dillon and to whatever representations, if any, we get authority from Ottawa to put forward.

A.D.P. H[EENEY]

3e PARTIE/PART 3

ÉLECTION PRÉSIDENTIELLE
PRESIDENTIAL ELECTION

239. H.B.R.

Note de l'adjoint spécial au secrétaire d'État aux Affaires extérieures

Memorandum by Special Assistant to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], November 9, 1960

RESULT OF U.S. ELECTIONS

This morning the Prime Minister gave me a letter from a J. Louis Lamontagne of Montreal who is apparently a public relations man connected in some way with the Democratic National Committee in Washington. Lamontagne suggested that the Prime Minister should invite Mr. Kennedy to Canada on a personal visit before his inauguration. The Prime Minister asked me to let him have a reaction to this letter.

I discussed it with Mr. Robertson and Mr. Ritchie and then saw the Prime Minister again at lunch time. I said that there were various reasons which seemed to argue for a delay in responding to this idea. In particular, it was possible that President Eisenhower might invite Mr. Kennedy to accompany him to the NATO meeting in Paris in December at which time, if the Prime Minister was there, a meeting would be easily arranged. There was the additional point that the Prime Minister would not wish to lay too much stress on meeting Mr. Kennedy at a time when President Eisenhower was still in office. The Prime Minister appeared to agree with these reasons for delay and signified that he had no intention of acting quickly.

I said however, on the basis of Mr. Robertson's view, that if there was any possibility in the Prime Minister's mind of inviting Kennedy to come to Canada, there would be much to be said for sending him now a message of personal greeting on the outcome of the election. I showed the Prime Minister a draft which had been prepared in the Department. At first the Prime Minister stuck to his previous decision against sending such a message but after some discussion he asked me to attempt a redraft and at the end of the conversation seemed inclined to send a personal message.

The Prime Minister made a few comments which are perhaps worth recording. He said that with Kennedy in control, he thought we were closer to war than we had been before. When I expressed surprise at this statement and suggested that the narrowness of Kennedy's margin would cause him to move with greater caution and responsibility than might have been the case had there been a landslide, the Prime Minister disagreed. He pictured Kennedy as "courageously rash" and said that he had pushed himself to the top against all odds, had spoken of bringing world leadership back to Washington, and had given every indication of intending to pursue an active policy which the Prime Minister feared might prove dangerous.

When I said that much would presumably depend on the people Kennedy had around him, the Prime Minister said that he doubted whether Kennedy would be deterred from adopting a policy of action. I raised the question of who would be Secretary of State and the Prime Minister agreed that this would be an important indicator of Kennedy's intentions. He admitted that if it were Bowles, this would not point to a policy of concentration on military strength.

In domestic matters, the Prime Minister said, without elaborating at all, that although he like Mr. Macmillan was a left-wing conservative, further to the left than many right-wing liberals, there were many things in Kennedy's platform that he could not have accepted. The Prime Minister made some references in this context to the tendency toward government intervention which he thought would be much more pronounced under Kennedy.

On the CL-44,[27] the Prime Minister wondered whether Nixon, having been let down in the election by California, might now be less inclined to use his influence on behalf of the aircraft industry in California. This might result in the administration agreeing to the CL-44 deal; at least it was worth looking into he seemed to think.

H.B. R[OBINSON]

4e PARTIE/PART 4

QUESTIONS DE DÉFENSE ET SÉCURITÉ
DEFENCE AND SECURITY ISSUES

SECTION A

NUCLÉAIRE
NUCLEAR

SUBDIVISION I/SUB-SECTION I

ENTREPOSAGE ET BASES LOUÉES AU CANADA
STORAGE AND LEASED BASES IN CANADA

240. DEA/50210-F-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 76 Washington, January 15, 1960

SECRET. OPIMMEDIATE.

Reference: Our Tel 2998 Dec 2/59† and your Tels DL-810[28] and DL-813† Oct 2/59.

Repeat CCOS Ottawa OpImmediate from Ottawa (Information).

STORAGE OF DEFENSIVE NUCLEAR WEAPONS AT GOOSE BAY AND HARMON

We met yesterday with Willoughby and other State Department and Defence Department officials and were handed a redraft of the draft note which we presented in accordance with the

[27] Voir partie 4 (c) de ce chapitre./See Part 4 (c) of this chapter.
[28] Voir/See Volume 26, document 182.

instructions in your telegram DL-810 October 2, 1959. The text of this redraft is set out below. The suggested deletions from our draft are bracketed and the suggested additions underlined. You will notice also that reasons are set out for the suggested changes. We are following up this telegram with a further message outlining our detailed discussion with USA officials in which we attempted to elucidate to bring the two drafts closer together, and we shall also report on these. Text Begins:

I have the honour to refer to discussions between representatives of the Canadian and USA governments concerning the strengthening of the continental air defenses by a gradual increase in the numbers of air defence weapons with nuclear capability. These discussions have taken into account recommendations by CINCNORAD as to the immediate military requirement for the storage at certain points in Canada of nuclear air-to-air defensive weapons.

Recognizing the need to strengthen the continental air defences against the threat which exists, and realizing that the full potential of air-to-air defensive weapons is achieved only when they are armed with nuclear warheads, the Canadian government is prepared to permit the storage of nuclear air-to-air defensive weapons in Canada in accordance with the conditions set out in the attached Annex.

I have the honour to propose that if these conditions are acceptable to your government, this note and your reply shall constitute an agreement between our two governments, to take effect on the date of your reply.

Annex

1. The weapons under consideration are such [defensive] nuclear air-to-air defensive weapons as may from time to time be made available to [the] USA forces under the [command] operational control of CINCNORAD.

Reason: The words "USA" are added for the sake of clarity. The term "operational control" appears to reflect NORAD's terms of reference more accurately than the word "command."

2. These weapons [will] may be stored at Goose Bay and Harmon AFB, Nfld. The cost of the establishment, maintenance and operation of the storage facilities shall be the responsibility of the USA government.

Reason: The word "may" provides the flexibility which USA considers desirable. In this connection the USAF has decided to withdraw the squadron now stationed at Harmon AFB, and in the light of this decision, CINCNORAD is considering whether nuclear air-to-air defensive weapons should be stored at Harmon for emergency purposes.

3. [Arrangements for the physical security for the storage sites will be the joint responsibility of the governments of the two countries. Safeguards in the design and handling of these air defence weapons to minimize the possibility of accidental explosion and to afford the maximum protection of lives and property will be the responsibility of USA government and will be subject to the approval of the Canadian government].

The joint responsibility of the two governments for the physical security of the storage sites shall be exercised in accordance with the following:

(a) USA shall provide and be responsible for the internal security of the storage sites;

(b) In other respects, arrangements for the physical security of the leased areas within which the storage sites are located shall be subject to existing agreements concerning those areas. Safety standards for the maintenance, transportation, loading, delivery and salvage of these weapons shall be at least equivalent to those observed within USA and, within the scope of existing agreements between the two governments concerning the transfer of classified (atomic) information, shall be a matter for consultation between the appropriate military authorities of USA and Canada.

Reason: USA has noted the importance which the Canadian government attaches to the matter of joint responsibility for the physical security of the storage sites and wishes to accede to this request within the limits prescribed by USA legislation and existing arrangements for these bases. USA, however, would like to know what kind of arrangements the Canadian government wishes to propose in this regard. Under USA legislation, USA is required to retain physical custody of nuclear weapons, and thus USA draft reflects USA requirement to be responsible for the internal security of the sites. It is believed that the other aspects of physical security may be handled according to the terms of the existing agreements for the two bases, but USA would be pleased to consider alternative Canadian proposals to handle this specific problem.

On the matter of safety standards, USA has proposed language which the Department of Defense has informally submitted to Canadian military authorities for the Canadian draft note concerning the storage of atomic weapons in support of Canadian forces. The Canadian language above suggests that safeguards in the design of the atomic weapons will be subject to the approval of the Canadian government. This procedure apparently would entail the transmission of restricted data, a course of action not repeat not authorized under the terms of USA Atomic Energy Act.

4. Ownership and custody of the nuclear warheads shall remain with USA government in accordance with USA law.

Reason: By the addition of the words "and custody" the paragraph reflects more accurately the requirements of USA legislation.

5. [Transportation to or from storage facilities of these weapons and warheads through Canadian air space will be governed by Canadian government regulations. Import and export of these weapons will be subject to Canadian government regulations, and detailed procedures will be negotiated between the appropriate government departments.]

Reason: In the absence of knowing what the Canadian regulations would be governing the transport of nuclear weapons in Canada, USA would prefer the wording of paragraph 5 to reflect that this is a matter to be worked out jointly. The following language could be used. "The transport of these weapons in Canadian territory will be carried out in accordance with procedures agreed between the appropriate agencies of both governments."

6. [Joint responsibility for the removal from storage sites and for the use of these weapons will be shared by the Canadian and USA governments. They] consonant with the joint responsibility of the two governments, these weapons will be used only in situations of grave emergency [and] in accordance with the plans and procedures governing the operations of the North American Air Defense Command as approved by the two governments.

Reason: The first sentence of the Canadian draft poses 2 problems:

(1) It suggests that over and above clearance procedures already in effect with regard to nuclear overflights of Canadian territory and procedures which might be worked out with regard to the movement of nuclear weapons in and out of Canada under paragraph 5 of this annex, special authorization of the Canadian government would be required to remove nuclear weapons from storage, say, for return to USA for periodic checking or other logistical reasons.

(2) It suggests that the agreement of Canada would be required at a time when CINCNORAD would wish to use the weapons in accordance with plans and procedures agreed between the two governments. In USA view this mode of operation could seriously impair the ability of CINCNORAD to act rapidly in situations of grave emergency where action must be taken within minutes.

Accordingly USA proposed language omits any reference to "removal from storage" and ties in the "joint responsibility" of the two governments with use of the weapons "only in situations of grave emergency in accordance with plans and procedures governing the operations of the North American Air Defense Command as approved by both governments."

7. Any test firing of these weapons which may be required will take place outside of Canada.

8. The terms of this agreement will be reviewed [annually] by the two governments at the request of either government and after such review may be terminated by either government upon six months notice.

Reason: The purpose of USA revision is to remove the need to review the agreement automatically at the end of each year, while preserving the requirements that such a review is mandatory at the request of either government.

9. Supplementary arrangements or administrative agreements between authorized agencies of the two governments may be made from time to time for the purpose of carrying out the intent of this agreement. Text Ends.

241. DEA/50210-F-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 83 Washington, January 15, 1960

TOP SECRET. OPIMMEDIATE.

Reference: Our Tel 76 Jan 15.

Repeat CCOS Ottawa OpImmediate from Ottawa (Information).

STORAGE OF DEFENSIVE NUCLEAR WEAPONS AT GOOSE BAY AND HARMON

The following is an outline of our discussion with USA officials concerning their suggested redraft of our note on this subject.

2. In considering paragraph 3 of USA draft, it became immediately evident that the definition of "storage sites" requires clarification. USA Department of Defense defines storage site as the "igloo plus the compound" rather than the base. They wondered what we had in mind in suggesting joint responsibility for the security of the site. If, for instance, we had in mind that Canada might provide for "external security" would this mean security measures immediately outside the compound or outside the base? If the former, they were concerned that this would seem to involve revision of existing agreements at least in respect of Harmon. In any event you will see that it is their desire that security arrangements — other than within the site for which USA would be responsible — should be subject to "existing agreements" but that they are quite prepared to consider any proposals we might wish to make.

3. It was thought that the provision regarding "safeguards" or "safety standards" as paragraph 3 of the redraft describes them might be the subject of a separate paragraph. The language proposed is generally the same as that proposed for the general agreement which you have currently under consideration. Not repeat not knowing your views on this paragraph we restricted our comments to the question of the responsibility of USA government and the question of the approval of safeguards by the Canadian government. We expressed the view that provision for "consultation between the appropriate military authorities of USA and Canada" would hardly meet your requirement, bearing in mind the responsibility which would

also rest on the Canadian government, vis-à-vis the Canadian people. We wondered whether USA could accept a phrase replacing that already quoted which would provide, "and shall be subject to the approval of the Canadian government," assuming the remainder of their redraft were acceptable to you.

4. Regarding paragraph 4 and the specific reference to "custody," the State Department confirmed that while the word "custody" does not repeat not appear in USA Act,[29] this interpretation flows from sections 91, 92, 104, 123 and 144 in the legislative history of the act. This expression is used in other bilateral agreements. It in turn is interpreted to mean, "physical control until released for use."

5. If the Canadian version of paragraph 5 relates only to the XYZ procedures of schedule B of Order-in-Council PC-2307[30] it would be acceptable. USA concern regarding the first sentence was that it might involve procedures other than the XYZ procedures and that reference to "export and import" in the second sentence might involve customs inspection. The word, "introduction" was suggested as one which would avoid the inference regarding customs inspection if it were not repeat not valid.

6. Commenting on more general terminology suggested by USA we thought something along the following lines would be more in keeping with our own proposal: "The transport of these weapons between USA and Canada and in or over Canadian territory will be carried out in accordance with appropriate regulations of the Canadian government, and procedures agreed between the responsible agencies of both governments."

7. In your telegram DL-810 October 2[31] you indicated that movement of the weapons would be subject to the Canadian Atomic Energy Act and that USA officials would be familiar with these regulations as a result of their experience with overflight procedures. Unless the Order-in-Council incorporates the relevant provisions of the Atomic Energy Act there was some doubt both on USA officials and our own part as to what these regulations might require.

8. It transpired during the discussion that USA has in mind transporting the weapons to and from Canada only by air. The defence representative did not repeat not think there would be any occasion for transporting weapons between Goose Bay and Harmon although he admitted this point had not repeat not been considered. Again on this point, as with security and safeguards, we emphasized the need to specify the basic Canadian responsibility.

9. In paragraph 6 USA difficulty with our proposal for joint control over removal stems from their interpretation that this would mean joint control over removal from the igloo and compound for such purposes as placing them on aircraft which is the normal procedure during practice alerts where aircraft are bombed-up, taxi down the runway but do not repeat not take off. Furthermore if storage sites were interpreted to mean the whole base USA officials consider our language would suggest the interposition of consultative requirements over and above those already required under the XYZ procedures. As a result of our discussion, the State Department passed to us this morning a further revision of the paragraph which has been drafted by the Defence Department: "Consonant with the joint responsibility of the two governments, these weapons will be removed from the areas utilized by USA forces in accordance with applicable procedures approved by the two governments and will be used only in situations of grave emergency in accordance with the plans and procedures governing the operation of the North American Air Defence Command as approved by the two governments." The latter proviso is intended to refer to the XYZ procedures.

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[29] Fait référence à l'*Atomic Energy Act,* loi américaine.
This refers to the United States Atomic Energy Act.

[30] Voir/See document 278.

[31] Voir/See Volume 26, document 182.

10. During our discussion yesterday we suggested the following text which might be more acceptable from our point of view: "Joint responsibility for the removal of these weapons from the leased areas within which they are stored and for their use will be shared by the Canadian and USA governments. This joint responsibility will be exercised in accordance with existing overflight procedures as approved by the Canadian government and also in accordance with plans and procedures governing the operations of the North American Air Defence Command as approved by the two governments which provide for the use of these weapons only in situations of grave emergency."

11. You will no repeat no doubt have in mind the importance of ensuring that the agreement on Goose and Harmon is consistent with the general agreement. In this connection you will also want to bear in mind a possible further agreement regarding storage at Argentia and particularly in connection with any provision regarding removal from the storage site. Our recollection is that this point was raised at the Camp David talks in connection with the removal of weapons from the site and placing them on board ships.

242. PCO/D-1-5(e)-2

Note privée du secrétaire du Cabinet pour le premier ministre

Private Memorandum from Secretary to Cabinet to Prime Minister

SECRET [Ottawa], January 28, 1960

SPEAK TO THE PRIME MINISTER RE SAC AT GOOSE

1. I believe it most important for mutual defence to improve deterrent to extent possible by having major nuclear weapons at Goose Bay for SAC.

2. My own impression — we can do this now without serious domestic or international difficulty — following early Parliamentary discussion on nuclear weapons generally.

3. Mr. Green is the only serious opponent and his case is neither clear nor strong in my view. Mr. Pearkes is strong for it but unwilling to press at Cabinet against Mr. Green's vehement opposition.

4. The re-fuelling bases which the Government agreed to and permitted the U.S. to spend millions on are a much more vital and dangerous aid to SAC and involve the difficult problem of last minute movement of tankers.

5. Officials in External Affairs have no valid arguments against this and military consider it vitally important in our interest as well as the U.S.

6. Nothing to be gained by delay on this measure — advantage lies with prompt action now that Canadian public accepting general principle.

7. This is not a proper subject for horse-trading — should be done in recognition of general interest not as favour to the U.S. — doing it will gain us more in U.S. confidence in our seriousness than if we try to swap it reluctantly.

8. Not necessary to take initiative to announce but should let it come out in answer to question or in debate — should not refer to specific location but say something to the effect that the Government has recently agreed to the storage of major weapons at certain locations in northern Canada subject to suitable safeguards and Canadian consent for use, and in pursuance to the agreement given by the previous government to construction of facilities for this purpose.

9. The Prime Minister should see the U.S. Ambassador and inform him in a way to get maximum effect, emphasizing that we now feel that it is politically feasible, we recognize its importance but feel we must have agreement on certain major features — e.g. joint security arrangements and Canadian consent by application of overflight arrangements and arrangements for consultation.

10. In informing U.S., we should use this occasion to emphasize that we hope for and expect a relaxation of tensions with the U.S.S.R., we shall work toward this end though not by reducing our defences except as agreed disarmament measures or when they become ineffective. In working for reduction of tensions, we will occasionally differ both privately and publicly with the U.S. on what should be said and done but on the whole we think it is a good thing for both countries and the general interest that we should differ publicly from time to time, for there are things that Canada can do if it is manifestly independent and relying on its own judgment of its own interest and the general interest.[32]

R.B. B[RYCE]

243. DEA/50210-F-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], February 18, 1960

STORAGE OF AIR-TO-AIR DEFENSIVE NUCLEAR WEAPONS AT GOOSE BAY AND HARMON AIR FORCE BASE

Attached† for your consideration is a draft memorandum to Cabinet reflecting the views you expressed to me recently concerning the storage of air-to-air defensive nuclear weapons at Goose Bay and Harmon Air Force Base. The memorandum has been considered by the Department of National Defence, and General Foulkes informs me that Mr. Pearkes is prepared to agree to the text, subject to clarification of the following points when the memorandum is discussed by Cabinet:

(a) *Custody*: The Department of National Defence questions our omission of the word "custody" and quotes the reference to it by the Prime Minister in his statement of February 20, 1959.[33]

External Affairs Comment: The acceptability or otherwise of the word "custody" is, of course, a matter to be decided by the Government.

(b) *Stationing of Canadian Representatives at Each Base*: National Defence suggests that consideration be given to dropping this requirement for the following reasons:

(i) The agreement of June 30, 1959[34] regarding overflight of Canada and use of Canadian bases by United States interceptors under certain conditions assures adequate control at Goose Bay and, therefore, the statement of intention to have an observer there "might be misconstrued as impinging on the integrity of the United States authorities."

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[32] Note marginale estampée :/Stamped marginal note:
Seen by John G. Diefenbaker

[33] Voir Canada, Chambre des Communes, *Débats*, 1959, volume II, pp. 1279 à 1282.
See Canada, House of Commons, *Debates*, 1959, Volume II, pp. 1221-24.

[34] Voir/See Volume 26, document 196.

(ii) As far as Harmon is concerned, "it is understood that the United States authorities may drop this requirement."

External Affairs Comment: The necessity or otherwise of having Canadian representatives at the base is essentially a political question and is for the Government to decide. So far as Harmon is concerned, the position is that the United States has not yet dropped its requirement to store these weapons there and has indicated that it may wish to have the weapons available for use in emergency, even if the fighter squadron now stationed there is withdrawn.

(c) *Safeguards in the Design of Weapons and Safety Procedures*: National Defence questions our requirement that "The procedure for handling the weapons to afford the maximum protection of lives and property will be subject to the agreement of Canada," on the grounds that it would seem to contemplate a formal inter-governmental agreement on this particular matter, which in the circumstances is unnecessary since the RCAF has already been briefed on handling procedures for the MB-1. National Defence suggests that the United States be informed that what is meant by the words "agreement of Canada" is that procedures similar to those used with the MB-1 (on which the RCAF has already been briefed) would be followed if any new weapon is subsequently adopted. In other words, the USAF would brief the RCAF on safety precautions and the RCAF would satisfy the Canadian Government that the new weapon satisfies our safety requirements.

External Affairs Comment: I do not agree with the view expressed by National Defence that in respect of safety procedures the words "agreement of Canada" imply a formal inter-governmental agreement. We certainly had envisaged nothing more than an exchange of correspondence between the two Defence Departments, signifying the agreement of Canada, after the RCAF had satisfied the Canadian Government that the new weapon complied with our safety requirements.

(d) *Transport of the Weapons will be in Accordance with Canadian Law*: National Defence argues that as transport arrangements are already covered by the present overflight arrangements and as the Atomic Energy Control Board has not so far promulgated any safety regulations under the Atomic Energy Control Act, the use of the words "in accordance with Canadian law" would not seem to be correct, and should be deleted.

External Affairs Comment: I do not agree with National Defence that it is inappropriate to refer to Canadian law in regard to transport arrangements. The overflight procedures themselves have been established under Canadian law; moreover, the Atomic Energy Control Board has regulations governing the import and export of nuclear materials (which National Defence has complied with in respect of United States weapons entering Canada) and could at any time adopt additional ones. We consulted with the Secretary of the Control Board and he agreed with us that the inclusion of the reference to Canadian law is desirable.

If the draft memorandum for Cabinet meets with your approval I will arrange to have it circulated as a Cabinet document for consideration at an early meeting.

N.A. R[OBERTSON]

244. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 67-60 [Ottawa], March 2, 1960
SECRET

STORAGE OF AIR-TO-AIR DEFENSIVE NUCLEAR WEAPONS AT GOOSE BAY AND HARMON AIR FORCE BASE

Cabinet, on September 22, 1959, gave its approval in principle, subject to the conclusion of satisfactory inter-governmental Notes, to the storage at Goose Bay and Harmon Air Force Base of nuclear air-to-air defensive weapons for United States Air Force squadrons under NORAD control. The text of a negotiating draft of a proposed Note authorizing the storage of the weapons, and an accompanying Annex setting out the terms which would govern the arrangement, was subsequently transmitted (on October 2, 1959) to the United States authorities for their consideration. The State Department replied on January 15, 1960, making no comment on the Note itself but proposing a number of changes in the text of the Annex.

Attached as Appendix "A" to this memorandum, for consideration by Cabinet, is a redraft of the terms originally proposed by Canada. If approved, this redraft, which has been prepared in the light of United States comments, would be transmitted by our Embassy in Washington to the State Department and would serve as the basis for the second round of negotiations. Also attached, for convenient reference, as Appendix "B"[35] to this memorandum is a copy of our original draft modified to indicate the changes proposed by the United States, together with the reasons advanced in support of these changes.

The comments which follow relate to Appendix "A" and are intended to explain the reasons for any departures from the language contained in the text proposed by Canada last October.

Paragraph 1: This paragraph has been amended to incorporate useful changes suggested by the United States.

Paragraph 2: This paragraph has been amended in two respects:

(a) At the suggestion of the United States, the statement that the weapons *will* be stored at Goose Bay and Harmon has been changed to read *may*;

(b) The statement of ownership of the weapons by the United States has been incorporated in this paragraph rather than having it form the substance of a separate paragraph as was the case in the original Canadian draft.

The United States proposal to amend the statement of ownership to read "ownership *and custody*" has not been adopted since it is assumed that this would not be acceptable to the Canadian Government. It is recognized that the omission of any statement which makes it clear that the United States will retain possession of the weapons may be difficult for the United States Government to accept. However, a change which has been introduced in paragraph 3 of the text now under consideration (see below) should give our representative in the negotiations grounds for arguing that reference to custody is unnecessary.

Paragraph 3: This paragraph represents a complete departure from the Canadian draft of last October, which asserted the principle that arrangements for the physical security of the

[35] Voir les documents 240 et 241./See documents 240 and 241.

storage sites would be the joint responsibility of the two Governments without indicating how Canada could fulfil its share of this responsibility. The proposed new text begins with the statement that arrangements for the storage of the weapons are a joint responsibility of the two Governments, and then describes how this responsibility is to be carried out. The part of the text which defines the Canadian responsibility is based on the premise that the objective, so far as the Canadian Government is concerned, is to ensure that the provisions of the agreement regarding the circumstances under which the weapons may be removed from the base installation, and concerning safety standards, are observed. For these reasons it is specified that Canada will station a representative or representatives at the bases. The presence of Canadians will also serve to demonstrate the importance attached by the Canadian Government to strict adherence to the terms of the agreement.

The statement that the United States, for its part, shall provide and be responsible for the security of the storage sites in accordance with the terms of the existing agreements concerning the leased areas is intended to specify, in this respect, its obligations as lessee. At the same time, it provides grounds for our representatives in the negotiations to put forward the view that under the circumstances the question of custody does not arise.

Paragraph 4: The substances of this paragraph, which deals with safety standards, was included in paragraph 3 of the original Canadian draft. It has been made the subject of a separate paragraph at the suggestion of the United States and redrafted to improve the expression of its intent.

Paragraph 5: In order to improve the drafting of the provisions in the agreement relating to transport of the weapons in Canada and, at the same time, to take account of a point raised by the United States, this paragraph has been amended to read as follows:

> "The transport of these weapons in Canadian territory will be carried out *in accordance with Canadian law* and with procedures agreed between the appropriate agencies of both Governments."

The procedures referred to above would involve two elements:

(a) authorization by the Canadian Government of the overflight of Canadian territory in accordance with the provisions of Schedule "B" to Order-in-Council No. P.C. 2307 of 17 April, 1952; and

(b) any safety procedures applied by the Canadian authorities in accordance with the requirements of the Atomic Energy Control Board and of the safety standards referred to in paragraph 4 of the Agreement.

Paragraphs 6 and 7: These paragraphs should be considered in conjunction with paragraph 5. Paragraphs 5 and 6 set out the procedures which would govern transport of the weapons outside the base, either for logistic or for operational reasons, and paragraph 7 provides that removal of the weapons, either for logistic or operational reasons, will require approval of the Canadian Government in accordance with procedures established pursuant to paragraphs 5 and 6.

There are two points to note in connection with these paragraphs. The first is that paragraph 7 extends the area within which the USAF is permitted to handle the weapons from the "storage site" to "the area utilized by the United States forces" (i.e. the base). The State Department informs us that this extension is necessary to meet training requirements, i.e. practice in arming aircraft and taxiing down the runway *but not taking off*. Such a concession would seem to be reasonable since a Canadian representative would be present to ensure that the terms of the authorization were not exceeded.

The second point arises out of a United States argument that the requirement of Canadian approval for removal of the weapons for operational use could seriously impair the ability of

NORAD to act rapidly in an emergency. It is proposed that our Embassy in Washington should be instructed to inform the State Department that the Canadian Government regards this measure of control as being substantially equivalent to that exercised by the President of the United States and considers it essential for political and policy reasons which are no doubt similar to those of the United States Government.

Paragraph 8: This paragraph has been amended to correspond with the policy with respect to review and termination of agreements in this field expressed by the Prime Minister in the House of Commons on January 18, 1960.[36]

With the concurrence of the Minister of National Defence, I am submitting this draft for consideration by Cabinet in preparation for the next stage of the negotiations with the United States.

HOWARD GREEN

[PIÈCE JOINTE/ENCLOSURE]

Appendice A
Appendix A

SECRET

REDRAFT OF THE ANNEX TO THE PROPOSED EXCHANGE OF NOTES CONCERNING THE STORAGE OF NUCLEAR AIR-TO-AIR DEFENSIVE WEAPONS AT GOOSE BAY AND HARMON AIR FORCE BASE

(In this Annex, unless the context otherwise requires, "Canada" means the Government of Canada, "United States" means the Government of the United States of America, "NORAD" means the North American Air Defence Command established by Canada and the United States in an Exchange of Notes dated 12 May, 1958, and "CINC NORAD" means the Commander-in-Chief of NORAD.)

The weapons under consideration are such nuclear air-to-air defensive weapons as may from time to time be made available to United States Forces under the operational control of CINC NORAD.

2. Ownership of these weapons shall remain with the United States in accordance with United States law. They may be stored at Goose Bay and Harmon Air Force Base, Newfoundland. The cost of the establishment, maintenance and operation of the storage facilities shall be the responsibility of the United States Government.

3. Arrangements for the storage of these weapons will be a joint responsibility of Canada and the United States, to be carried out as follows:

(a) The United States shall provide and be responsible for the security of the storage sites in accordance with the terms of the existing agreements concerning the leased areas, i.e. the Agreement of March 27, 1941 concerning Leased Bases in Newfoundland in respect of Harmon Air Force Base and the Exchange of Notes of December 5, 1952 in respect of the leased area situated within RCAF Station, Goose Bay;

(b) Pursuant to its obligations under paragraphs 4, 5, 6 and 7 of this Annex, Canada will provide a representative or representatives at each base.

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[36] Pour le texte officiel de la déclaration du premier ministre Diefenbaker, voir Canada, Chambre des Communes, *Débats*, 1960, volume I, pp. 78 à 79.
For the official text of Prime Minister Diefenbaker's statement, see Canada, House of Commons, *Debates*, 1960, Volume I, p. 73.

4. Safeguards in the design of the weapons will be the responsibility of the United States. The procedure for handling the weapons to afford the maximum protection of lives and property will be subject to the agreement of Canada. Safety procedures for maintenance, transport, loading, storage and salvage will be at least equivalent to United States standards.

5. The transport of these weapons in Canadian territory will be carried out in accordance with Canadian law and with procedures agreed between the appropriate agencies of both Governments.

6. Approval of the use of these weapons will be a joint responsibility of the two Governments. The weapons will only be used in situations of grave emergency in accordance with the plans and procedures governing the operations of NORAD.

7. The removal of these weapons, either for logistic or operational reasons, from the areas utilized by United States Forces (as provided in the Agreement of March 27, 1941, concerning Leased Bases in Newfoundland in respect of Harmon Air Force Base, and the Exchange of Notes dated December 5, 1952 in respect of the leased area situated within RCAF Station, Goose Bay), will require the approval of the Canadian Government in accordance with the procedures established pursuant to paragraphs 5 and 6 of this Annex.

8. Any test firing of these weapons which may be required will take place outside of Canada.

9. The terms of this Agreement will be reviewed by the two Governments at the request of either Government and after such review may be terminated by either Government upon six months' notice.

10. Supplementary arrangements or administrative agreements between authorized agencies of the two Governments may be made from time to time for the purpose of carrying out the intent of this Agreement.

245. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], March 22, 1960

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General and Acting Secretary of State (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley).
The Minister of Public Works (Mr. Walker),

The Associate Minister of National Defence (Mr. Sévigny).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

. . .

STORAGE OF AIR-TO-AIR DEFENSIVE NUCLEAR WEAPONS
AT GOOSE BAY AND HARMON AIR FORCE BASE
(Previous reference November 10, 1959)

9. *The Secretary of State for External Affairs* said that, in January, the United States had replied to the Canadian draft of a proposed Exchange of Notes on the storage of nuclear air-to-air defensive weapons for United States Air Force squadrons at Goose Bay and Harmon Air Force base. Several changes had been suggested, some of which were useful and others which simply could not be accepted in view of the government's attitude on storage and control of these weapons in Canada. Accordingly, a re-draft had been prepared as the basis for the second round of negotiations with the U.S. This he now submitted with the concurrence of the Minister of National Defence.

An explanatory memorandum had been circulated, (Minister's memorandum, March 2, Cab. Doc. 67-60).

10. *Mr. Green* went on to say that the U.S. authorities wanted it stated that ownership and custody would remain with the U.S. The inclusion of the words "and custody" seemed impossible to him in view of the Cabinet's position on this matter in recent months. He commented that the Department of National Defence had objected to a number of points in the proposed Canadian re-draft.

11. *The Minister of National Defence* emphasized firmly that he had concurred in the re-draft. All he and his officials had done was to express some doubts as to whether the re-draft in its present form would be acceptable to the U.S., and to draw attention to some of the problems to which it would give rise. He noted that the Prime Minister had stated, in an announcement on February 20th, 1959, concerning equipment for the Canadian forces, that the government considered "that it is expedient that ownership and custody of the nuclear warheads should remain with the United States."

12. *During the discussion* it was said that the government could not change the policy agreed upon when the first note on this subject was approved and sent to the U.S. If the present version was not in any way a diminution of that position it could be accepted. Since the text had been approved by the Secretary of State for External Affairs and the Minister of National Defence, there was no point in having the matter referred to the Cabinet Defence Committee. It could now be transmitted to the U.S. authorities.

13. *The Cabinet* approved a revised draft of a proposed note for negotiations with the United States concerning the storage of nuclear air-to-air defense weapons for use by United States forces at Goose Bay and Harmon Air Force base, as recommended by the Secretary of State for External Affairs and the Minister of National Defence with Cabinet Document 67-60 of March 2.

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246. DEA/50210-F-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM DL-337 Ottawa, March 25, 1960

SECRET. OPIMMEDIATE.

Reference: Your Tels 76 and 83 of January 15.

Repeat CCOS (Information).

STORAGE OF AIR-TO-AIR NUCLEAR WEAPONS AT GOOSE BAY AND HARMON

The Cabinet has considered the comments which the United States authorities made on the Canadian draft of the inter-governmental Exchange of Notes on the above subject and the U.S. re-draft. As the United States authorities had no comment or suggestions to make on the text of the covering note and we have no further changes to put forward at this time, we are repeating to you in our immediately following telegram† only the text of the re-draft of the Annex as approved by the Cabinet.

2. When handing the re-draft of the Annex to the State Department you may wish to make use of the following comments. We leave it to you to decide whether it would be useful to give the State Department a "piece of paper" incorporating suitable portions of these comments in order to make certain that there is no misunderstanding as to the reasons for which ministers have approved the language suggested for this second round of negotiations.

3. The following are paragraph-by-paragraph explanatory comments:

(a) *Paragraph 1*:

This paragraph has been amended to incorporate the useful changes suggested by the United States authorities.

(b) *Paragraph 2*:

We agree with the United States suggestion that, as the USAF has decided to withdraw the Squadron now stationed at Harmon, "will" should be changed to read 'may." It will also be noted that the statement of ownership of the weapons by the United States has been incorporated in this paragraph rather than have it form the substance of a separate paragraph as was the case in the original Canadian draft. The United States proposal that this statement of ownership should read "ownership and custody" has not been adopted; the change which has been introduced in paragraph 3 will provide you with grounds for arguing that reference to custody is unnecessary.

(c) *Paragraph 3*:

This paragraph represents a complete departure from the Canadian draft of last October which asserted the principle that arrangements for the physical security of the storage sites would be the joint responsibility of the two governments without indicating how Canada would fulfil its share of this responsibility. The new text states that the arrangements for the storage of these weapons will be a joint responsibility and then describes how this responsibility is to be carried out. The Canadian share of the responsibility is based on the premise that the objective, so far as the Canadian government is concerned, is to ensure that the provisions of the agreement regarding the circumstances under which the weapons may be removed from the base installation, and concerning safety standards, are observed. The presence of a Canadian representative or representatives will also serve to demonstrate the

importance which the government attaches to the strict adherence to the terms of the agreement. The statement that the United States for its part shall provide and be responsible for the security of the storage sites in accordance with the terms of existing arrangements concerning the leased areas is intended to specify its obligations as lessee in this matter. At the same time it will provide you with grounds for arguing that under the circumstances the question of custody does not arise.

The State Department may point out that at Goose Bay no aircraft can land or take off without Canadian clearance and also that under the terms of the Exchange of Notes of June 30, 1959 (the "MB-1" agreement),[37] USAF interceptors armed with nuclear air-to-air defensive weapons can only overfly Canada and land and take off from Canadian military airfields under certain agreed conditions. In relation to Harmon the State Department may point out that the withdrawal of the United States interceptor squadron would make the presence of a Canadian representative unnecessary. Whether or not the State Department should raise these points you should say that the proposal for Canadian representative at Goose and Harmon is one to which the government attaches importance and reflects its strongly held view as expressed on previous occasions that questions concerning nuclear weapons are matters of high policy.

(d) *Paragraph 4*:

The substance of this paragraph was included in paragraph 3 of the original Canadian draft. We have, however, agreed to make it the subject of a separate paragraph as suggested by the United States authorities but re-drafted it to improve the expression of its intent, using for the most part, the language suggested by the United States authorities. If you are asked what is meant by the phrase "agreement of Canada" in this paragraph you may say that we envisage an exchange of correspondence between the two defence headquarters signifying the agreement of Canada after the RCAF has satisfied the Canadian government that the weapons to be stored meet Canadian safety requirements.

(e) *Paragraph 5*:

The wording of this paragraph has been altered with a view to both improving the drafting of the provisions in the agreement relating to transport of the weapons in Canada and to take account of the point raised by the United States authorities. You will note that we have added the words "with Canadian law and" to the language suggested by the United States rather than merely state that the transport of these weapons will be in accordance with agreed procedures. There are two elements involved here:

(1) Authorization by the Canadian government for the transport of nuclear weapons in Canadian territory in accordance with established practice (the procedure would be the same as prescribed in Schedule "B" to Order-in-Council PC 2307 of April 17, 1952 for SAC overflights); and

(2) Any safety procedures applied by the Canadian authorities in accordance with requirements of the Atomic Energy Control Board and of the safety standards referred to in paragraph 4.

It should be noted that the phrase "the transport of these weapons in Canadian territory" would include not only the movement of these weapons between Goose or Harmon and the United States but also their movement between Goose and Harmon.

(f) *Paragraphs 6 and 7*:

These paragraphs should be considered in conjunction with paragraph 5. Paragraphs 5 and 6 set out the procedures which would govern transport of the weapons outside the base, either for logistic or for operational reasons, and paragraph 7 provides that removal of the weapons,

[37] Voir/See Volume 26, document 196.

either for logistic or operational reasons, will require approval of the Canadian government in accordance with the procedures established pursuant to paragraphs 5 and 6. In other words, the approval of the Canadian government for transporting the weapons for logistic reasons (following the same procedure as prescribed for overflights under Schedule "B") would at the same time constitute approval for the removal of the weapons from the storage site. Similarly the authorization of the Canadian government for the use of the weapons would at the same time constitute authority for their removal from the storage site for this purpose.

There are two points to note in connection with these paragraphs. The first is that paragraph 7 extends the area in which the USAF is permitted to handle the weapons from the "storage site" to "the areas utilized by the United States Forces" (i.e., the base). This phrase is suggested to meet the point made to you by the State Department that it is necessary to provide language to permit practice alerts and to meet training requirements, i.e., practice in arming aircraft and taxiing down the runway but not taking off. The second point arises out of the United States argument that the requirement of Canadian approval for removal of the weapons for operational use could seriously impair the ability of CINCNORAD to act rapidly in situations of grave emergency. Our new draft deals with this by specifying that the approval of the Canadian government will be given in accordance with the procedures established pursuant to paragraph 6. As you will appreciate, these procedures are spelled out in the MB-1 overflight agreement of June 30, 1959 and in the exchange of letters of September 30/October 2, 1959[38] between Mr. Heeney and Mr. Herter concerning states of readiness. The Canadian government regards the measure of control which it exercises through these agreements as essential.

(g) *Paragraph 8*:

No change.

(h) *Paragraph 9*:

The amendments to the paragraph proposed by the United States authorities are acceptable.

(i) *Paragraph 10*:

No change.

4. When presenting our re-draft to the State Department, I think that it would be useful if you were to stress that the government has made some important changes in its original proposals in order to facilitate agreement. We hope that the United States authorities, when considering our further proposals, will recognize the effort which has been made to reach a mutually acceptable text without sacrificing certain principles to which the government attaches the highest importance.

247. DEA/50210-F-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 868 Washington, March 31, 1960

SECRET. OPIMMEDIATE.

Reference: Your Tels DL-337 and DL-338† Mar 25.

Repeat CCOS (Information).

[38] Voir volume 26, les documents 216 et 217./See Volume 26, documents 216 and 217.

STORAGE OF AIR-TO-AIR NUCLEAR WEAPONS AT GOOSE BAY AND HARMON

Accompanied by Air Vice Marshal Hendrick and Nutt I called on Kohler (Assistant Secretary European Affairs) this afternoon and passed over to him the revised Annex to the draft note on this subject and also a "piece of paper" based on the comments set out in paragraph 3 of your tel DL-337. (Copy of this "piece of paper" will go forward to you by tomorrow's bag.) Willoughby (Director, Office of Commonwealth and Northern European Affairs) and Burgess (Canadian Desk) were also present.

2. I commenced by pointing out that the redraft of the Annex contained a considerable number of changes over both the previous Canadian draft and USA redraft. I stressed that Canadian government had made the changes in its original proposals in an attempt to meet the rigidities with which USA was confronted and thus to facilitate agreement.

3. After reading over the Annex and "piece of paper" Kohler said that at first glance he thought that our suggestions came closer to meeting the difficulties posed by USA law and by operational requirements. He said that the USA authorities would study the revised Annex and our "piece of paper" but that in the meantime he had one or two preliminary inquiries. As you anticipated, he commented on the omission of the word, "custody." I indicated Canadian desire to avoid the word and explained that it seemed to us that the question of custody was not repeat not raised in view of the fact that the storage sites would be located on territory leased by USA. As lessee USA would be in full possession of weapons stored on the bases.

4. Kohler next asked what would be the role of Canadian representatives which under paragraph 3 of the Annex would be stationed at USA bases. I said that as I understood it their function would be to be in a position to "certify" as it were that obligations under paragraphs 4, 5, 6, and 7 of the Annex had been discharged in accordance with Canadian requirements. Kohler said he thought there would be no repeat no problem regarding representatives and said that he fully understood that Canadian government must be able to certify that its requirements had been met.

5. Willoughby asked whether in sum of new draft annex required additional procedures for obtaining approval of Canadian government over and above those already in existence. In particular he referred to procedures concerning transport of weapons for logistical purposes. We called his attention to paragraph E of the "piece of paper" which contained comments regarding paragraph 5 of the draft annex pointing out that the procedures envisaged were those prescribed under schedule "B" to Order-in-Council PC 2307 and any which might be adopted by Canadian authorities in accordance with the requirements of the Atomic Energy Control Board and of the safety standards referred to in paragraph 4 of the draft annex. Regarding the requirements of the Atomic Energy Control Board Kohler expressed some concern whether this could result in unilateral action by Canada which could have the affect of prejudicing the storage programme. I pointed out that any regulations would have to be approved by Canadian government and that I assumed that wherever prospective regulations might appear to affect any agreement on storage there would be prior notice to and consultation with USA.

6. In conclusion I expressed the hope that in their future study of our redraft USA authorities would bear in mind the effort which the Canadian government had made to reach a mutually acceptable text. I stressed that questions concerning nuclear weapons are regarded by Canadian government as matters of high policy and indicated that certain principles were involved to which Canadian government attached the highest importance. I therefore hoped that USA government might see its way clear to accepting Canadian redraft with as few counter suggestions as possible.

[A.D.P.] HEENEY

248. DEA/50210-F-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 1056 Washington, April 22, 1960
SECRET. PRIORITY.
Reference: Our Tel 1057 Apr 22.

STORAGE OF NUCLEAR WEAPONS AT GOOSE BAY AND HARMON

The following is the text of draft letter of understanding with regard to the most recent Canadian draft of agreement: Text Begins:

I refer to the Exchange of Notes, concluded today between our two governments, authorizing the storage at Goose Bay and Harmon Air Force Base, Newfoundland, of such nuclear air-to-air defensive weapons as may be made available to USA forces under the operational control of CINCNORAD.

USA government regards this agreement as a significant forward step in the strengthening of continental air defense in the interest of both Canada and USA. We consider it essential, however, to assure that operations under the agreement will in practice satisfy the important military requirements involve, and will also remain within the limitations applicable to access to nuclear weapons and related classified information. For this reason, I consider it appropriate to set forth the understanding of USA government with respect to certain aspects of these arrangements.

First, it is our understanding that the provisions of this agreement do not repeat not in themselves authorize access by Canadian authorities to nuclear weapons or related classified (atomic) information. Such access remains within the scope of existing or future agreements between the two governments providing for the transfer of classified (atomic) information or for the availability of nuclear weapons to Canadian forces under appropriate conditions. Access to the storage sites by Canadian personnel shall be the subject of arrangements between the appropriate Canadian and USA authorities.

Second, it is our understanding that Canadian approval of the plans and procedures governing the operations of NORAD constitutes Canadian approval for the use of the weapons in accordance with those plans and procedures. We would therefore expect that when a state of air defense readiness has been declared by CINCNORAD in accordance with the agreement between our two governments concluded through an exchange of letters dated September 30/59 and October 2/59, the weapons could be removed from the leased areas and used operationally under the applicable rules for interception and engagement without the necessity for obtaining a further and specific Canadian authorization for operational use at the time. The effect of this understanding is simply to recognize that these arrangements are consistent with the conditions governing overflight of Canada by USA interceptors armed with nuclear air-to-air defensive weapons, as established in the agreement of June 30/59 between our two governments. It also assures that in a period of emergency there would be no repeat no procedural delays which could nullify the mutual defensive advantages of the forward deployment of the weapons.

I would greatly appreciate your confirmation that the Canadian Government shares the foregoing understandings. Text ends.

249. DEA/50210-F-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 1057 Washington, April 22, 1960
TOP SECRET. PRIORITY.
Reference: Our Tel 868 Mar 31.

STORAGE OF NUCLEAR WEAPONS AT GOOSE BAY AND HARMON

We met with Willoughby (Director, Office of British Commonwealth and Northern European Affairs) this morning for further discussions on this question. Also present were Lang and Brownez of the Department of Defense, Rutter (Office of the Special Assistant to the Secretary for Atomic Energy), Pender (Legal Department) and Burgess (Canadian Desk). Barton was able to accompany us.

2. Willoughby began by saying that USA authorities did not repeat not wish to propose amendments to the wording which he had submitted on March 31 (Your telegram DL-338 March 25). However it was desirable to ensure that there was a meeting of minds as to what was intended by our redraft, in two principal respects.

3. For the purpose a draft of a supplementary letter had been prepared incorporating USA understanding in particular of paragraphs 4 and 5 of our draft. Following some discussion we were requested to submit for consideration the text set out in our telegram 1056 April 22.

4. The purpose of paragraph 3 of the draft letter is, as indicated, to clarify that the agreement on storage, in particular paragraph 4, does not repeat not in itself authorize access by the Canadian authorities to classified (atomic) information nor to nuclear weapons, but that access would be governed by existing or future agreements. We pointed out that it was envisaged that there would be an exchange of correspondence between the two defence departments signifying the "agreement of Canada" after the RCAF has satisfied the Canadian government that the weapons to be stored would meet Canadian safety requirements (paragraph D(4) of your telegram DL-337 March 25). We further suggested that it would be desirable to move ahead quickly with these arrangements regarding safety requirements, since Canadian ministers would no repeat no doubt wish to be satisfied concerning these arrangements before finally approving the main agreement on storage.

5. We understand that Air Vice Marshal Hendrick, who accompanied us to the meeting, intends raising this matter with the RCAF in Ottawa. Lang of the Department of Defense expressed the readiness of that department to enter into discussions with the RCAF immediately with a view to reaching agreement on arrangements regarding safety requirements. The last sentence of paragraph 3 is intended to take account on the one hand, of the Goose Bay agreement which provides that the RCAF Commander shall have access to any part of the leased area, and on the other hand of the requirements of USA law regarding access to nuclear weapons.

6. The fourth paragraph of the draft letter reflects USA understanding that there would be no repeat no additional requirement for seeking further specific Canadian authorization for use of the weapons under the new agreement, over and above the requirement already provided for under existing agreements. Incidentally we recalled that the MB-1 agreement of June 30/59 was subject to renewal on an annual basis and that perhaps, therefore, there should be reference to further agreements. Lang hoped we would be prepared to let the reference to the

agreement of June 30/59 stand without qualification; if there were any subsequent modifications to that agreement, these could at the time be related to the present understanding.

7. There is a further question which occurs to us, and which is relevant to the question of specific authorization, but which was not repeat not raised by USA side, that is the relationship of the proposed agreement on storage to overflight procedures. It would seem that, consistent with the proposed agreement on storage, schedule "B" to PC 2307 should cover logistic flights made under agreement. As presently drafted (your letter DL-286 March 31)[39] schedule "B" covers only logistic flights on behalf of SAC.

8. The question of publicity was raised. We said that while we had no repeat no instructions it was our understanding that the agreements would be classified. At the same time, in view of previous statements made in the House on the general subject of nuclear weapons, we thought that, at some stage, consideration would be given to an appropriate statement possibly in the context of a statement on the acquisition of nuclear weapons for Canadian forces.

9. It is envisaged by the State Department that the letter incorporating USA understanding concerning the storage agreement would be contained in a supplementary exchange of letters.

10. Willoughby said that he would want to clear with his superiors the final text of the proposed agreement and of the draft letter of understanding following consideration by Canadian officials, and also any outline of arrangements which might be agreed between the Department of Defense and the RCAF concerning safety arrangements. To facilitate consideration by Canadian ministers of the authoritative views of the administration, you may wish to let us have interim comments at the official level on the draft letter.

[A.D.P.] HEENEY

250. CEW/Vol. 3053

Note du ministre de l'ambassade aux États-Unis pour l'ambassadeur aux États-Unis

Memorandum from Minister, Embassy in United States, to Ambassador in United States

TOP SECRET [Washington], May 4, 1960

STORAGE OF NUCLEAR WEAPONS AT GOOSE BAY AND HARMON

Yesterday when I saw Willoughby (Director, Office of British Commonwealth and Northern European Affairs) he mentioned that he had had discussions with Barton in Arizona on this question. As matters stood the State Department had indicated to us (with Barton present) that the terms of the latest draft aide mémoire submitted by us were acceptable but that they would like to have an accompanying exchange of letters setting out their understanding of one or two points in the main agreement, viz., (1) that the agreement of itself would not give Canada access to nuclear weapons or to related classified atomic information, and (2) that with regard to use of the weapons, it was not intended that new procedures of consultation should be superimposed on those already provided for by the overflight procedures and the NORAD agreement on states of readiness.

2. In submitting this draft to us, Willoughby had asked if Canadian officials' reaction to it might be obtained before submitting it to Ministers. I understand that subsequently Barton

[39] Voir/See document 279.

expressed his and Ed Ritchie's view that the sort of letter the State Department had in mind might not really facilitate reaching agreement on the storage question. I understand from Willoughby that the situation now is that the United States authorities are reconsidered whether, from their point of view, a letter of understanding is really necessary.

3. Barton is writing to us about the position.[40] I think the important thing is that Ministers should be in no doubt as to the position regarding consultation.[41]

S.F. R[AE]

[PIÈCE JOINTE/ENCLOSURE]

SECRET AND PERSONAL Ottawa, May 2, 1960

Le chef de la 1ère Direction de liaison avec la Défense
au ministre de l'ambassade aux États-Unis

Head, Defence Liaison (1) Division,
to Minister, Embassy in United States

Dear Saul [Rae],

As you know, the proposed agreement re Goose Bay and Harmon was on the PJBD agenda for the meeting which took place last week and when I joined forces with the Board, Dana and Freeman informed me of the initial reaction of officials (primarily Ed Ritchie) to the draft letter which Willoughby had given to us in Washington and which was sent to Ottawa by U.S. telegram 1056 of April 22. The reaction in Ottawa was that a letter of this kind would be quite unacceptable to Ministers and that, in particular, any attempt to spell out the meaning of the paragraphs related to the operational use of weapons could lead only to trouble. As a result, when the subject came up at the Board meeting, Mr. Wilgress said that while the officials in Ottawa understood the intent of the letter and had no real disagreement with the substantive points covered in it, they were of the opinion that the Canadian Government would find it difficult to subscribe to such specific phrasing. He added that the question of the storage of nuclear weapons in Canada is a sensitive one and the Canadian draft agreement had been worked out with great care in an attempt to meet the position of each Government consistent with public statements. The Canadian Government had, therefore, hoped that the United States authorities would be able to accept the draft agreement as it stood. In reply to a question from Dr. Hannah, Mr. Wilgress said that it would be preferable if the proposed letter were dropped since any attempt to spell out the intent of the agreement in a supplementary letter might well defeat the end purpose.

Subsequently, on instructions from Mr. Wilgress, I discussed the matter further with Mr. Willoughby. I said that while I thought the best course would be for the United States to accept the advice given by Mr. Wilgress, I recognized that they might have a point with respect to the matter of access to classified information and to storage sites. If after consideration they felt that they must seek clarification on these points, a possible alternative to the idea of a supplementary letter would be to propose the two following changes to the text of the agreement. The first change would be to add the following sentence to paragraph 3(a):

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[40] Note marginale :/Marginal note:
I enclose his letter. It raises (especially top of page 2) some interesting procedural suggestions — even problems! [S.F. Rae]

[41] Note marginale :/Marginal note:
Obviously this continues to be very sensitive [A.D.P. Heeney]

"Arrangements for access to the storage sites by Canadian personnel will be made as required between the appropriate Canadian and United States authorities."

The second change would be to insert a new paragraph between paragraph 3(b) and paragraph 4. This new paragraph would read as follows:

"Access by Canadian authorities to the nuclear weapons or related classified (atomic) information shall be subject to the terms of existing or future agreements between the two Governments providing for the transfer of such information."

I made it clear that these suggestions were purely personal and that I had no assurance that they would be acceptable to the Canadian authorities.

Mr. Willoughby said that he would have to reconsider the situation in consultation with officials from the Defense Department when he returned to Washington and that, in the meantime, he would like us to regard his suggested draft letter as a purely informal proposal which we should "sit on" for the time being.

I think this brings you up to date on what happened since I saw you; no doubt Mr. Willoughby will be getting in touch with you to report the next exciting chapter in due course. In the meantime, the BOMARC crisis has burst about our ears and I am somewhat pessimistic about the effect it may have on all these negotiations.

I enjoyed my visit in Washington very much and am most grateful for the many kindnesses extended to me by you and your cohorts.

Best regards,

BILL [BARTON]

251. CEW/Box 3093/File 1

Note du conseiller de l'ambassade aux États-Unis pour l'ambassadeur aux États-Unis

Memorandum from Counsellor, Embassy in United States, to Ambassador in United States

SECRET [Washington], June 13, 1960

STORAGE OF NUCLEAR AIR-TO-AIR WEAPONS AT GOOSE BAY AND HARMON

Pursuant to your request, I saw Willoughby the other day and was handed the attached piece of paper[42] which sets forth two proposed amendments to the Canadian draft agreement (flagged).

2. Willoughby offered no reasons other than to say that the amendments were intended to take care of United States "difficulties." He suggested that we might meet with the experts who could outline the reasons for the suggested amendments.

3. Asked for my impression of the suggestions, I said offhand that the amendment to paragraph 2 left a bit of a monstrosity from a drafting point of view. What did "shall remain with" include? I thought by deleting "ownership," "custody" was included again by implication. I wondered whether the inclusion of a reference to the United States Atomic Energy Act in paragraph 3(a) might not be construed as derogating in some way from the terms of the Leased Bases Agreement and the Goose Bay Agreement.

[42] Non retrouvé./Not located.

4. In the meantime, I passed on the suggestions to Tovell. On Friday Barton called to say that he and Ed Ritchie had considered the suggestions and that they were not happy about them.

5. The amendment to paragraph 2, they thought, not only left an awkwardly drafted provision; it also drew attention to the absence of "custody." (On the other hand the specific reference to "ownership" draws attention to the absence of custody from a United States point of view, more so than the omission of "ownership.") I think our point should be that deletion of "ownership" can be argued to reinstate "custody" at least by implication. We could then reiterate our point that, from the United States point of view, they could consider that the issue of custody did not arise in the case of leased areas.

6. The amendment to paragraph 3(a), they thought, imputed an extra-territorial effect to United States legislation. Within the terms of the Leased Bases Agreement, the United States could apply the Act. The Act does not bind Canada as such, but only as it is applicable under the United States under the terms of the Leased Bases Agreement. To propose inclusion of the reference to the Act might be to risk misinterpretation.

7. Barton suggested that I have a private word with Willoughby to point out that further "nit-picking" might prejudice the whole Agreement and to urge him that time may be of the essence.

8. If you agree, I shall get in touch with Willoughby and pass on these views, leaving it to him to decide where he wishes to go from here, i.e. the meeting of the experts or reconsideration on the basis of our informal official-level views. If he decides on the meeting, would you attend? Air Vice Marshal Hendrick has attended previous meetings. If you agree, I think we might include him.[43]

J.S. NUTT

252. CEW/Box 3093/File 1

Note du conseiller de l'ambassade aux États-Unis

Memorandum by Counsellor, Embassy in United States

SECRET [Washington], June 21, 1960

STORAGE OF NUCLEAR WEAPONS AT GOOSE BAY AND HARMON

On June 9 Willoughby, Director of British Commonwealth and Northern European Affairs, passed to us on an informal basis two suggested amendments (flagged) to the Canadian draft of the Harmon-Goose Bay "Storage" Agreement (flagged). These amendments would delete the reference to "ownership" in paragraph 2 of the Canadian draft and would insert a reference to the Atomic Energy Act in paragraph 3(a).

2. The sense of these amendments were outlined to Barton on the telephone on June 10. Following discussion with Ritchie, Barton reiterated the view which he had previously expressed to Willoughby on a private basis at the last PJBD meeting, that an attempt to amend the Canadian draft would be unlikely to meet with success. He also thought that the proposed amendments in themselves were open to objection (see paragraphs 5 and 6 of the memorandum of June 13). Barton suggested that we have a private word with Willoughby to impress upon him that any attempt to amend the draft might prejudice the whole arrangement.

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[43] Note marginale :/Marginal note:
I have spoken — emphatically — to Willoughby. He will probably want a meeting anyway & will be in touch with you. You should have A/V/M/ with you. June 13 [A.D.P. Heeney]

3. Following this conversation, the Ambassador spoke to Willoughby on June 13 and urged upon him strongly that the United States should not put these, or any other, changes to us but accept the draft as is. In the meantime, however, Willoughby had arranged an informal meeting for the purpose of explaining the United States situation.

4. Accordingly, on June 14 Nutt attended a meeting at the State Department for the purpose of further exploration of the United States difficulties in connection with our proposed draft for the Agreement. He was accompanied by Air Vice Marshal Hendrick and Colonel MacDonald, Executive Staff Officer. United States officials at the meeting were Woodie Willoughby, Carlson and Burgess (Canadian Desk), Rutter (Atomic Energy Section, Department of State), Pender (Legal Department, Department of State), Murray Comarow (Air Force Legal Counsel) and Raymond Brownez (Department of Defense).

5. Comarow led off with an explanation of the reasons for the two suggested amendments. He said both were concerned with the same problem — "custody." The United States desired to delete "ownership" because, with our deletion of "custody," paragraph 2, they contended, implied that the United States would *not* have custody. The reason for inserting in paragraph 3(a) the reference to the Atomic Energy Act was to identify the criteria which would govern storage. In other words, what the United States officials wanted to achieve was acknowledgement by us of United States requirements and an indication that these requirements are in turn consistent with the Goose Bay and Harmon Leases.

6. Comarow said that as we no doubt realized, very little flexibility was allowed to the Executive in matters of this kind. "Custody and control" was a legal requirement which, though not specified in so many words in the Atomic Energy Act, had grown out of legislative practice. Absence of provisions clearly indicating that this legal requirement was being met would also create a political problem. He conceded that, it might be possible, in our terms, to get around the legal problem; the political difficulty was much greater. The Congressional committee was demanding. In all other agreements there was a clear provision for "custody." Nor was it just a question of what appeared in the Agreement. The law went to the factual situation, and so would the Committee counsel. The reason for their present proposed amendments was not technical; the Air Force would like to be able to accept our draft. But they feared that the Joint Committee would feel it could not.

7. We pointed out that the Canadian Government had come a long way towards facilitating the storage of weapons at Harmon and Goose Bay. Surely Congress, as well as the Administration, was anxious that agreement be reached. We thought, therefore, that it should be urged upon Congress that the Agreement as it stood accomplished its purpose without prejudicing the United States legal requirement. We pressed again the argument that, because of the Base Agreements, the problem of custody really did not arise. Comarow seemed prepared to accept this argument in respect of Harmon but pointed out that, under the Goose Bay Agreement, the Canadian commander was granted free access to the United States leased area. This was the real stumbling block to the argument that the question of custody did not arise.

8. One or two alternative suggestions to the amendments already put forward to paragraphs 2 and 3(a) of the draft were put forward. The first (and this was the favoured one) was that the specific reference to the United States Atomic Energy Act be dropped and that there be substituted the words "its legal requirements" or just "its laws." There was some suggestion that, if this formula could be accepted, paragraph 2 might stand as it is now, although Comarow clearly preferred to see specific reference to "ownership" deleted. Another suggestion was that there might be a "minute" which would indicate that the question of custody and control did not arise because, under the existing Bases Agreements, the United States already would have custody and control. In effect, by this means the Canadian

Government would be inferring that it would not construe the Goose Bay Agreement in such a fashion as to encroach upon United States custody and control of nuclear weapons stored at Goose Bay. We said we thought that the same objection would apply to this suggestion as to that of a letter which had been broached earlier by United States officials. Yet another suggestion was that Canadian Ministers might be asked to approve detailed United States security arrangements which would include an indication of how our inspectors would fit into the scheme of things. Such approval would imply an intention by Canada not to invoke the omnibus rights of access under the Goose Bay Agreement. There might then be a possibility of the Administration presenting a case to Congress on the basis that, except for the one point in the Goose Bay Agreement, the question of custody and control did not arise and that, as regards the Goose Bay Agreement, the Canadian Government had approved rules and regulations regarding security of the storage site which clearly indicated its intention not to invoke its full rights under the Goose Bay Agreement, at least insofar as they might impinge upon United States requirements for custody and control.

9. In conclusion, we agreed to consider at the official level the views that had been expressed but we again urged United States officials to reconsider earnestly the possibility of accepting the draft agreement as it stood. If further United States changes were put before Ministers, there would be real difficulties and certainly more delays.

10. (It should be mentioned that Brownez of the Department of Defense also queried the Canadian Government's intention in connection with paragraphs 6 and 7. The United States had previously expressed concern that the Canadian requirement for approval of removal of the weapons for operational use could seriously impair the ability of CINCNORAD to act rapidly in situations of grave emergency. We had informed the State Department that our new draft dealt with this problem by specifying that the approval of the Canadian Government "will be given" in accordance with the procedures established pursuant to paragraph 6, i.e. the procedures spelled out in the MB-1 Overflight Agreement of June 30, 1959 and in the exchange of letters of September 30/October 2, 1959 between the Ambassador and Mr. Herter concerning NORAD's state of readiness. Brownez's specific question was whether the expression, "will be given," inferred an intention on the part of the Canadian Government that there should be consultation regarding removal for possible use of the weapons in addition to the procedures already established. We replied that our understanding was that the clarification offered was intended to dispel doubts on this point and that the situation envisaged was that existing procedures would govern. Brownez also asked whether it would be our understanding that, if in accordance with the MB-1 Agreement United States interceptors based in the United States were overflying Canada, interceptors stationed at Harmon and Goose Bay would, under the "Storage" Agreement plus the MB-1 Agreement, be permitted to become airborne. We replied that in our own opinion this would be a logical interpretation.)

11. We were informed by Burgess (Canadian Desk) on June 15 that Willoughby was urging acceptance of our draft of the Agreement as it stands.

12. On June 17 Willoughby raised the matter again and emphasized that in his view it was important to get a final reaction from officials in Ottawa as soon as possible. He feared that if the matter were not settled one way or the other before the Ministerial Meeting next month, it would no doubt come up before the Committee with undesirable repercussions. He therefore hoped that we would be able to say as soon as possible whether we thought that some further accommodation of the United States difficulties might have promise of acceptance or, alternatively, whether we thought they would not. In the latter event, it would be for the United States to determine whether it would accept the offer of storage on our terms or whether they would demur.

13. In view of the foregoing, it was decided that instead of reporting on the meeting of June 14 in a personal letter we would report by telephone to officials in Ottawa. Consequently, Nutt spoke to Barton along the lines of paragraphs 5 to 9 of this memorandum. Later, after having spoken to Ritchie, Barton returned the call to say that they were both of the opinion that suggested amendments would be unlikely to be accepted. Barton even thought that Canadian Ministers might feel that they had gone really further than they wanted in agreeing to storage at Goose Bay and Harmon and that they might welcome an occasion to reconsider this view. He pointed out that Canadian Ministers have preoccupations regarding this matter just as the United States Congress does; that we had already come a long way in meeting the United States requirements and that the United States should accept what was proffered unless they want to risk prejudicing the whole arrangement.

14. Subsequently the same day (June 17) the Ambassador spoke to Willoughby, pointing out that officials in Ottawa had given serious and urgent consideration to the United States difficulties as presented at the meeting of June 14. the Ambassador said that the consensus of purely official opinion, in which he shared, was that any new proposals would be turned down and that this would have generally adverse results. The Ambassador reiterated Canadian official's feeling that the Canadian Government had come a long way in accommodating the United States desire to store nuclear weapons at Goose Bay and Harmon. While in theory the letter of United States law might not have been met, there would, he thought, be no problem in the actual practical implementation of the Agreement as proposed by Canada. He said that Willoughby might say that the judgement of senior Canadian officials was categorical regarding the chances of getting acceptance of amendments or riders to the Agreement as proffered. Willoughby undertook to canvass United States officials concerned and to indicate to us as soon as possible what the United States contemplated doing by way of a formal reply to the Canadian proposal of June, 1959.

J.S. N[UTT]

253. CEW/Box 3093/File 1

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 1773 Washington, July 11, 1960

SECRET. OPIMMEDIATE.

Reference: Barton-Rae Telecon July 9.

STORAGE OF AIR-TO-AIR NUCLEAR WEAPONS AT GOOSE BAY AND HARMON

This will confirm that Willoughby informed me on Saturday that he believed that the text of the Canadian draft of the Annex to the proposed Exchange of Notes on this matter, contained in your telegram DL-338 of March 25, would be acceptable to the USA provided the following provision could be added to paragraph 7 of the Annex or, alternatively, provided it could be added to the related paragraph in the explanatory comments which you authorized us in your telegram DL-337 March 25 to incorporate in a "piece of paper" to be left with the State Department. (A copy of this "piece of paper" was referred to you under cover of our letter 501 dated April 1.)† The additional provision would read:

"It is understood that these procedures shall not impair the right of the United States to return the weapons to the United States whenever it may deem it appropriate."

2. If it were agreeable that such a provision be included in the explanatory comments, this would involve the comments being given "appropriate status" so that they could be used in presenting the Exchange of Notes to the Joint Congressional Committee on Atomic Energy. In other words, the State Department would wish to be able to indicate that the explanatory comments represented the considered views of the Canadian Government. It would be understood that both the comments and the Exchange of Notes would remain classified.

3. We understand that this is the position recommended to USA Ministers on the discussion of this item in the Joint Ministerial Committee.[44]

254. H.C.G./Vol. 10/File 10

Le ministre de la Défense nationale
au secrétaire d'État aux Affaires extérieures

Minister of National Defence
to Secretary of State for External Affairs

TOP SECRET Ottawa, September 21, 1960

My Dear Colleague:

STORAGE OF NUCLEAR AIR-TO-AIR DEFENSIVE
WEAPONS AT GOOSE BAY AND HARMON

In a note of 9 April 1959,[45] the United States requested permission to stockpile air-to-air defensive nuclear weapons at Goose Bay, Labrador, for the use of the United States Air Force interceptor squadron defending that base. In a subsequent note, it was requested that, in addition, authority be given to store similar nuclear weapons at Harmon Air Force Base, Newfoundland.

At its meeting of 22 September, 1959, the Cabinet approved the text of a draft note[46] to be sent to the United States to initiate negotiations of an agreement for the storage of such weapons at the sites mentioned above.

Subsequent to receiving American comments on the draft note referred to above, Cabinet approved, on 22 March, 1960, a further revised draft which was later conveyed to the State Department.

Up to the time of the meeting of 12-13 July, 1960, at Montebello of the Canada-United States Committee on Joint Defence, formal reaction of the United States to the latest Canadian draft had not been received, although it had been informally indicated by the United States that no amendments to the redraft would be proposed. However, the United States authorities considered it desirable to ensure that there was agreement as to what was intended by the Canadian redraft on two principal points, and in this respect a draft of a letter of understanding had been prepared by the United States.

At the meeting of the Joint Defence Committee, Mr. Merchant, U.S. Under-Secretary of State, stated that the United States was prepared to accept the revised draft provided two points could be met. These were:

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[44] Voir/See document 302.
[45] Voir/See Volume 26, document 173.
[46] Voir/See Volume 26, document 181.

(a) the inclusion in the agreement of a provision to the effect that the procedures regarding Canadian control over the movements of the weapons in Canada would not impair the right of the United States to return the weapons to the United States whenever it might deem it appropriate; and

(b) some status to be attached to explanatory comments provided by the Canadian Ambassador at the time the Canadian redraft was presented to the State Department last March (i.e. a letter of understanding).

In replying to Mr. Merchant, you undertook to clear up these points and suggested that a new paragraph 8 in the Annex to the draft might be inserted to read as follows:

"The above provisions will be applied in such a manner as to permit the return of the weapons to the United States at any time at the request of the United States Government."

At the 24 August, 1960, Meeting of the Permanent Joint Board on Defence, the Chairman of the United States Section, having commented on the fact that the United States Representatives at the July Meeting of the Joint Committee on Defence received the impression that the two governments were in agreement and that Canadian Cabinet approval was imminent, observed that the United States feels that storage at Goose Bay and Harmon is of first importance in obtaining the optimum defence capability of NORAD. He expressed the hope that the agreement can be concluded as soon as possible. I understand that you have received a report† on the U.S. attitude on this matter from the Chairman of the Canadian Section, Mr. Wilgress.

We have been dealing with this matter for well over a year and in the light of discussions at Montebello, it would be difficult to justify any further delay. I concur in the view that these weapons are required to give NORAD an increased defensive capability and I urge that arrangements for the exchange of notes now be concluded.

Yours sincerely,

GEORGE PEARKES

SUBDIVISION II/SUB-SECTION II

ACQUISITION PAR LES FORCES CANADIENNES
ACQUISITION BY CANADIAN FORCES

255. J.G.D./VI/154.4

Note du ministre de la Défense nationale pour le premier ministre

Memorandum from Minister of National Defence to Prime Minister

TOP SECRET Ottawa, January 6, 1960

Reference is made to your memorandum of the 4th of January[47] requesting progress reports on the following:

(1) What is the present position regarding the acquisition and control of atomic warheads

(a) in Canada

(b) overseas?

[47] Non retrouvé./Not located.

(2) What is the progress being made in connection with the Bomarc?

(3) What is the progress being made in connection with the provision of new aircraft for the Royal Canadian Air Force in Canada?

(4) What is the progress being made in connection with the provision for rearming for the Air Defence of Europe?

2. Attached is a memorandum in four parts, as follows:

Part I - Acquisition and Control of Atomic Weapons for Canadian Forces in Canada and Europe.

Part II - BOMARC "B" (Ground to Air Missile).

Part III - New Aircraft for the Royal Canadian Air Force in Canada.

Part IV - Re-equipment at 1 Air Division (CF104).

GEORGE PEARKES

[PIÈCE JOINTE 1/ENCLOSURE 1]

Note du ministre de la Défense nationale pour le premier ministre

Memorandum from Minister of National Defence to Prime Minister

TOP SECRET Ottawa, January 6, 1960

PART I — ACQUISITION AND CONTROL OF ATOMIC WEAPONS FOR CANADIAN FORCES IN CANADA AND EUROPE

1. It will be recalled that on 15 October 1958 the Cabinet authorized negotiations with the United States military authorities in regard to the acquisition and storage of defensive nuclear weapons for use by Canadian forces in Europe and in Canada.[48] These discussions have taken place and a suggested procedure for the acquisition and storage of defensive nuclear weapons for Canadian forces was developed. The problems connected with the acquisition and control of defensive nuclear weapons for Canadian forces were reviewed by the Canada-United States Committee on Joint Defence at a meeting held in Paris on 15 December 1958.[49] As a result of the deliberations of the Canada-United States Committee on Joint Defence, a statement was made by the Prime Minister in the House of Commons on 20 February[50] which outlined the Canadian government position.

2. During this same period the negotiations between the United States and Canadian Chiefs of Staff on the general principles regarding the acquisition of these weapons were completed, and on 1 May the Chairman of the United States Chiefs of Staff forwarded a letter to the Chairman of the Canadian Chiefs of Staff in which the United States Joint Chiefs of Staff outlined the general arrangements for the provision of atomic weapons for the Canadian forces. A copy of this paper is attached as Appendix "A".[51] This letter suggested that there should be a government-to-government exchange of notes covering the general principles relative to the provision of United States atomic weapons to Canada and that this exchange should cover such things as broad requirements for United States custody and control, and

48 Voir/See Volume 25, document 95.
49 Voir/See Volume 25, document 135.
50 Voir/See Volume 26, document 188.
51 Voir/See Volume 26, document 189.

Canadian responsibilities for the provision of storage facilities, security and the broad system of safety requirements. It further suggested that arrangements for the acquisition of nuclear weapons for forces committed to NATO should be consistent with the NATO atomic stockpile concept. The letter further explained that the detailed technical arrangements pertaining to custody and control would be accomplished on a bilateral basis with the United States commanders under which the Canadian forces would operate; such as, the Supreme Allied Commander Atlantic for maritime forces, the Supreme Allied Commander Europe for forces in Europe, and the Commander-in-Chief, North American Air Defence Command, for the air defence forces of North America.

3. After receipt of this memorandum arrangements were then made to draft the proposed general bilateral agreement for the acquisition of nuclear warheads for the Canadian forces. A draft general agreement has now been drawn up in consonance with the arrangements suggested in the letter from the Chairman of the United States Chiefs of Staff. This draft has been reviewed by the interested government departments and was considered and amended by the Panel on Economic Aspects of Defence Questions on 4 December. The Panel recommended that the ministers closely concerned with this question should be requested to authorize our Embassy in Washington to commence negotiations with the United States authorities for the completion of this note. The Minister of National Defence indicated his approval on 15 December, and approval of the other ministers concerned is now being sought to commence the negotiations. If and when this proposed agreement is signed, negotiations will then be opened with the Supreme Allied Commanders concerned for the detailed agreements for the acquisition and control of nuclear weapons and warheads, as follows:

(a) with the Supreme Allied Commander Europe for the forces in Europe;

(b) with the Supreme Allied Commander Atlantic for the maritime forces; and

(c) with the Commander-in-Chief NORAD for the air defence forces in North America.

A copy of the proposed note is attached as Appendix "B".[52]

[PIÈCE JOINTE 2/ENCLOSURE 2]

Note du ministre de la Défense nationale pour le premier ministre

Memorandum from Minister of National Defence to Prime Minister

SECRET Ottawa, January 6, 1960

PART II — BOMARC "B" (GROUND TO AIR MISSILE)

Subsequent to the approval in principle of the installation of two BOMARC bases in Northern Ontario and Quebec by Cabinet on the 21st of September, 1958,[53] negotiations were opened with United States authorities in respect to an equitable sharing of the cost of this and allied air defence programmes. Although basic agreement has been reached, the formal exchange of notes has not yet been completed.

2. A detailed implementation plan for completing the joint air defence programmes including BOMARC was agreed the 13th of July, 1959. Essentially this plan provides that Canada will undertake all construction and the United States will provide the technical equipment (using Canadian source to the maximum extent).

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[52] Voir/See Volume 26, document 191.

[53] Voir/See Volume 25, document 88.

3. The contract for construction at the North Bay site has been let to the Foundation Company of Ontario and the contractor was formally notified to begin construction on the 14th of December, 1959. Request for tenders for construction at the La Macaza site is scheduled for the 11th of January, 1960, and opening of tenders is planned for the 10th of February, 1960.

4. Development of the BOMARC "B" missile is progressing on schedule and the first missile to be delivered to Canada is programmed for July 1961. The joint implementation plan calls for the La Macaza and North Bay sites to be operationally ready by the 1st of February, 1962, and the 1st of March, 1962, respectively, and to be fully combat ready two months later. It is expected that this programme will be completed in accordance with the above time schedule.

5. The BOMARC "B" when installed will be capable of utilizing either a high explosive or a nuclear warhead. The Canadian share of the cost for the BOMARC portion of the joint air defence programme is $17,290,000.

[PIÈCE JOINTE 3/ENCLOSURE 3]

Note du ministre de la Défense nationale pour le premier ministre

Memorandum from Minister of National Defence to Prime Minister

SECRET Ottawa, January 6, 1960

PART III — NEW AIRCRAFT FOR THE ROYAL CANADIAN AIR FORCE IN CANADA

(a) *ARGUS* (Maritime Patrol Aircraft)

On 10 January 1958 Cabinet approved the procurement of an additional eight Argus aircraft. The last of these aircraft will be delivered to the R.C.A.F. in September 1960, completing the total programme of 33 Argus for use in Maritime Air Command. Total expenditures on this programme will amount to $226,675,000.

(b) *CC106* (Long Range Transport Aircraft)

On 16 December 1958 Treasury Board approved the letting of a contract for four additional CC106 long-range transport aircraft making a total order to date of twelve. The first of these aircraft was delivered in November 1959 and production is on schedule with the twelfth aircraft programmed for delivery in March 1961. Total expenditures on this programme will amount to $127,398,000.

(c) *CC109* (Intermediate Range Transport Aircraft)

Cabinet approved the procurement of ten CC109 intermediate range transport aircraft on 5 February 1958. Delivery of the first production aircraft is scheduled for January 1960 and the contract will be completed in August 1960. Total funds allotted for this programme are $23,900,000.

(d) *SA16B* (Albatross) (Amphibious Search and Rescue Aircraft)

Cabinet approved the procurement of ten SA16B aircraft for search and rescue on 3 February 1959. The first aircraft will be delivered in August 1960 and the tenth in January 1961. Total funds allotted for this programme are $13,391,000.

(e) *OTTER* (Short Range Transport Aircraft)

On 10 August 1959 Treasury Board approved the placing of an order for 27 Otter aircraft to re-equip the R.C.A.F. Auxiliary flying squadrons. The first aircraft will be delivered in March 1960 and the contract will be completed in December 1960. Total funds committed are $3,956,000.

(f) Replacement for the CF100

On the 21 September 1958 the Cabinet decided that ... "the Chiefs of Staff should investigate and report upon the requirements, if any, for additional air defence missile installations in Canada and for interceptor aircraft of the nature of the CF105 or alternative types" ... A submission based on this report has been circulated to members of the Cabinet and now awaits a Cabinet decision.[54]

[PIÈCE JOINTE 4/ENCLOSURE 4]

Note du ministre de la Défense nationale pour le premier ministre

Memorandum from Minister of National Defence to Prime Minister

SECRET Ottawa, January 6, 1960

PART IV — RE-EQUIPMENT AT 1 AIR DIVISION (CF104)

On the 14th of August, 1958, Cabinet approved procurement of the CF104 (Lockheed F104G) aircraft to replace the F86 aircraft in 1 Air Division. The Federal Republic of Germany and the Kingdom of The Netherlands have also selected this aircraft for their air forces in Europe. It is expected that a decision to adopt this same aircraft will be made by the Government of Belgium very shortly. Close liaison is being maintained with these countries to ensure that all possible economy is effected in production. For example, the engineering costs for redesigning and converting the existing F104 aircraft to the F104G (CF104) model are to be divided between Canada and Germany.

2. Letters of intent have been issued to Canadair Limited for the airframes and Orenda Engines Limited for the engines, with final contracts to be signed in the very near future. A contract for the fire control system has been let to the Westinghouse Company Limited.

3. The first production aircraft from Canadair will be delivered in July 1961 and the contract will be completed in September 1963. In addition, fourteen dual trainers are being obtained from Lockheed Company with delivery beginning in August 1961 and ending in February 1962.

4. Total cost of this programme is of the order of $450 million.

5. Attached is a copy of a memorandum dated 4 January, 1960 from the Chief of the Air Staff outlining the present status of the CF104 programme.†

256. J.G.D./VI/154.3

Le ministre de la Défense nationale au premier ministre

Minister of National Defence to Prime Minister

Ottawa, January 11, 1960

My dear Prime Minister,

May I refer to your conversation with me this afternoon.

[54] Voir/See document 292.

On the 6th of January I forwarded to you a four part memorandum, part I of which was entitled "Acquisition and Control of Atomic Weapons for Canadian Forces in Canada and Europe." Attached to this part of the memorandum as Appendix "B" was a draft copy of the "Draft of Proposed Agreement with the United States on the Acquisition of Nuclear Warheads for Canadian Forces." Paragraph 3 of the annex to this draft note refers in general terms to the storage and employment (use) of nuclear weapons. The meaning conveyed by this paragraph of the draft note would be made clearer by the addition of a sentence to the effect that

"it being understood that when these weapons are released, the responsibility for their use will rest with the Canadian government."

Yours sincerely,

GEORGE PEARKES

257. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], January 12, 1960

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Defence Production (Mr. O'Hurley).
The Secretary of State (Mr. Courtemanche),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Martin), (Dr. Hodgson).

. . .

ACQUISITION OF NUCLEAR WEAPONS FOR CANADIAN FORCES

4. *The Prime Minister* said that, during the debate on the address next week, it would be necessary for him to deal with the question of nuclear weapons for the use of Canada's armed forces and for U.S. forces stationed on Canadian soil. The government had agreed in principle to the storage of defensive nuclear weapons in Canada, subject to the consideration of the problems involved in storage of naval weapons at Argentia. A decision on the U.S. request for storage of strategic nuclear weapons at Goose Bay had been deferred. A draft note concerning

storage of defensive nuclear weapons at Goose Bay and Harmon Field for the use of U.S. forces had been approved and was being considered by the U.S. authorities.[55]

There remained outstanding, the problem of negotiating an agreement for the acquisition of defensive nuclear weapons for the use of Canadian forces, in respect of which a draft agreement had been prepared for transmission to the United States. He understood that the government had decided, in the interest of limiting the spread of nuclear weapons, that ownership of warheads would remain with the United States but that decisions on their use rested with Canada. He was convinced that no agreement should be signed with the U.S. on this matter unless it was quite clear that there would be no use of these weapons without the consent of the Canadian government. During the debate in the House of Commons next week, he wanted to be in a position to say that negotiations were going on but that Canada would insist on having the final decision as to the use of any nuclear weapons it might acquire as a result of the negotiations. The wording in the draft agreement on this point was not clear enough and would have to be revised. It might be necessary, too, to have a separate agreement for weapons for use in Europe.

5. *The Minister of National Defence* pointed out that, to meet the Canadian contention that custody of any nuclear weapons should be a joint responsibility, it had been suggested that the "internal" security of the storage sites should be a U.S. responsibility and the "external" security of that site a Canadian responsibility. The United States were prepared to accept such an arrangement. This would enable the Canadian authorities to say that these weapons could not be used without the consent of the Canadian government. The same would apply to nuclear weapons that might be acquired for Canadian forces in Europe.

6. *The Cabinet* agreed that it should be stated that in the negotiations with the United States for the acquisition of defensive nuclear weapons for Canadian forces, Canada's position would be that the custody of these weapons would be the joint responsibility of both countries but that they would only be used by the Canadian forces with the consent of the Canadian government.

. . .

258. J.G.D./VI/154.4

Note du secrétaire du Cabinet
pour le premier ministre

Memorandum from Secretary to Cabinet
to Prime Minister

SECRET [Ottawa], January 13, 1960

General Foulkes tells me that Mr. Pearkes informed him that you felt there should be something in our proposed exchange of notes with the United States that would make clear that responsibility for the use of the nuclear weapons we obtain from the United States would be that of the Government of Canada.

Foulkes discussed briefly with me some words that might be added to paragraph 3 in section (b) of the Annex to the draft note. On reflection I would suggest that we should have a separate paragraph that would state approximately the following:

"The use of the nuclear warheads covered by this agreement subsequent to their release in accordance with paragraph 3 will be the responsibility of the Government of Canada."

[55] Voir/See Volume 26, document 181.

It may be better to avoid the implication that we will be controlling the details of the use of these weapons by our forces under the NATO Commander in Europe. This could be avoided by the following:

"Authorization of the use by Canadian Forces of the nuclear warheads covered by this Agreement subsequent to their release in accordance with paragraph 3, will be the responsibility of the Government of Canada."

If either of these are included, it might perhaps be well in paragraph 3 to say that the "warheads will be released for use will vary, etc." This would help to make clear that it is procedure for release that is the subject of agreement and the responsibility for use will remain with Canada.

R.B. B[RYCE]

259. PCO/D-1-5(F)

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

TOP SECRET [Ottawa], January 13, 1960

ACQUISITION OF NUCLEAR WARHEADS FOR THE CANADIAN FORCES

I understand that in the discussion in Cabinet yesterday of the draft agreement on the acquisition of nuclear warheads for Canadian Forces, it was agreed that changes should be considered to deal with two points:

(a) the concept of joint custody of the warheads;

(b) the need for an explicit statement of Canadian responsibility for any decision that the warheads should be used by Canadian Forces.

The Department of National Defence has been most desirous that the agreement should be comprehensive, covering the acquisition of the warheads for our Forces both in Canada and in Europe. It was necessary, therefore, to deal with the question of custody at three separate points in the text. Paragraph 2 stated that the custody of the weapons themselves would be the responsibility of the United States, paragraph 6(e) provided that Canada would be responsible for the external security of the weapons in storage or during movement in Canada, and paragraphs 14 and 15 dealt with the more complicated situation which can be expected in Europe, where the storage depots may be used jointly by several NATO countries.

In order to provide a more explicit statement of the situation with respect to custody, I suggest that paragraph 2 might be strengthened by amending it to read as follows:

"2. Ownership of any stocks of nuclear warheads will remain with the United States. Except in cases when the sharing of storage facilities with other Allied Governments requires otherwise, custody of the warheads will be the joint responsibility of Canada and the United States, to be exercised as follows:

(a) United States personnel, to be provided in the minimum numbers required, will maintain physical possession of the warheads;

(b) Canada will be responsible for the external security of the warheads."

The references to custody in other sections of the agreement would be left unchanged.

In order to provide an explicit statement in the agreement of Canadian responsibility for the decision to use the warheads, I would suggest the adoption of the final set of words proposed

by Mr. Bryce in a memorandum to the Prime Minister dated January 13 (a copy of which I believe was given to you). This proposal would involve two changes:

(a) the substitution of the words "for use" in place of "and employed" in paragraph 3, thus making it clear that it is the "procedure for release" of the warheads that is to be the subject of separate governmental agreements, and not the use of the weapons, which is a responsibility of the Canadian Government;

(b) the addition of a new paragraph, to follow paragraph 3 and to read as follows:

"Authorization of the use by Canadian Forces of the nuclear warheads covered by this agreement subsequent to their release in accordance with paragraph 3, will be the responsibility of the Government of Canada."

Attached for your signature, if you approve, is a letter to the Minister of National Defence,† seeking his concurrence to the changes proposed above. An extra copy is attached in case you wish to send it to the Prime Minister for his information.

N.A. R[OBERTSON]

260. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], January 14, 1960

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley).
The Secretary of State (Mr. Courtemanche),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Martin), (Dr. Hodgson).

. . .

ACQUISITION OF NUCLEAR WEAPONS FOR CANADIAN FORCES
(Previous reference January 12)

14. *The Prime Minister* read paragraphs which had been drafted on the acquisition of nuclear weapons for Canadian forces for inclusion in his remarks on the debate in reply to the Speech from the Throne.

15. *The Secretary of State for External Affairs* said that a public statement along the lines proposed would cause widespread repercussions. As far as Canada itself was concerned, the references to U.S. control appeared unsuitable. He had understood control would be joint.

16. *Mr. Diefenbaker* went on to say that most statements on defence policy had been rather foggy and that the Canadian people were becoming aroused over what appeared to be a confused situation. He felt that the policies of the U.S.S.R. still constituted a threat to peace. Khrushchev's statement of only yesterday was bellicose in its reference to I.C.B.M.'s.[56] The U.S.S.R. Ambassador had told him, in regard to Soviet rocket tests in the Pacific, that the U.S.S.R. needed an area 7,000 miles in length for their tests; a significant admission.

It was absolutely necessary that the Cabinet be quite clear in its attitude towards nuclear weapons for the Canadian forces and that he be in a position to make a clear statement on the matter on Monday in the House of Commons. To assist in this a Committee of Ministers should review the draft, for consideration in the next day or so.

17. *The Cabinet* agreed that a Committee consisting of Messrs. Green, Pearkes, Fulton, Nowlan, and MacLean be constituted to re-draft the statement, for use by the Prime Minister, on the question of acquisition of nuclear weapons for Canada's forces.

261. DEA/50210-F-40

Note du chef de la 1ère Direction de liaison avec la Défense pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Defence Liaison (1) Division, to Under-Secretary of State for External Affairs

TOP SECRET [Ottawa], January 14, 1960

ACQUISITION OF NUCLEAR WARHEADS FOR CANADIAN FORCES

Mr. Ross Martin came to see me this morning to inform me of the following developments:

2. Mr. Bryce, who had obtained informally a copy of the proposed changes in the Acquisition Agreement which we prepared yesterday, has shown them to General Foulkes who thought that they were satisfactory from the point of view of the Department of National Defence. He has also prepared the attached draft paragraphs for possible inclusion in the Prime Minister's speech. In addition, he has shown the proposed amendments to the Agreement to the Prime Minister who was inclined to think that they were satisfactory.

3. Mr. Martin said that Mr. Bryce would like to have our comments on the attached draft and, in particular, would like to know:

(a) What changes, if any, would need to be made to the Agreement to correspond to the statement of policy in the draft, and

(b) Whether there is any element in the statement which would create difficulties in our negotiations with the United States.

4. I am of the opinion that with the changes which we proposed yesterday, the Agreement will correspond to the attached draft statement of Canadian policy. The only point of principle upon which I would anticipate possible trouble with the United States is our use of the words

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[56] Pour des extraits du discours du 14 janvier 1960 de Krouchtchev au Soviet suprême à Moscou, voir le *New York Times* du 15 janvier 1960, p. 2.
For excerpts from Khrushchev's January 14, 1960 speech to the Supreme Soviet in Moscow, see the *New York Times*, January 15, 1960, p. 2.

"joint custody." I do not believe the United States will quarrel with the concept as we have enunciated it, i.e. that the weapons themselves will be maintained and safeguarded by United States personnel and that Canadian Forces will be responsible for external security, but they may well object to calling such an arrangement "joint custody" since they have used the word "custody" in a more limited sense in agreements with other governments. Apart from this point. I would suggest the following changes in the draft statement:

(a) In line 7 of paragraph 2 and lines 14 and 15 of paragraph 4, I would reverse the order of reference to the President of the United States and the Canadian Government.

(b) I would be inclined to terminate the first sentence of paragraph 3 after the words "Canadian Government," deleting the parenthetical reference to the possibility that an individual member of the Government might exercise the authority to authorize the use of the weapons.

(c) In order to deal with the special situation which may exist in Europe, I would suggest rewording the remainder of paragraph 3 to read as follows: "In Canada we contemplate arrangements being made by which these warheads will be stored in special facilities on our bases. The warheads will remain the property of the United States, maintained and safeguarded by the minimum of U.S. personnel required to discharge these duties. These storage and maintenance facilities will be guarded by Canadian Forces who will thus be responsible for the external security of the storage site. Some modification of these arrangements may be necessary at Canadian bases in Europe, where it is expected that common NATO storage facilities will be provided."

(d) Mr. Bryce dealt with the question of the release of the weapons as a part of paragraph 3. I would suggest that this become a new paragraph and that the sentence which reads: "Their release from U.S. control would be a U.S. decision" be deleted since it seems to me to be capable of misinterpretation and does not really add anything to the explanation of the arrangements which would be in effect. Another possible change which Mr. Ross Campbell thought might be desirable, but which I am not convinced is necessary, is to delete the reference to "operational control" in the final sentence and to amend the sentence to read as follows: "This Canadian decision would be put into effect through the Commanders of NORAD, SACLANT or SACEUR, under whom the Canadian units would be serving."

5. I am attaching an extra copy of this memorandum in case you wish to pass it to Mr. Bryce.

W.H. BARTON

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

SECRET

DRAFT PARAGRAPH RE NUCLEAR WARHEADS FOR CANADIAN FORCES

Our policy in making arrangements with the United States on this matter is based on two main principles.

The first is that, in accordance with my statement of last February, nuclear warheads for defensive weapons to be used by Canadian forces will be obtained from the United States and will remain under U.S. ownership, stored on Canadian or NATO bases and under joint custody until such time as they are released by decision of the President of the United States and the Canadian Government. If the bases are in third countries, for example in Europe, the concurrence of a third government or of a NATO authority may also be required.

The second point about which there should be no doubt is that the decision to authorize the Canadian forces to use these weapons will be taken by the Canadian Government or a designated member of it, such as myself or the Minister of National Defence if he cannot reach me.

We contemplate arrangements being made by which these warheads will be stored in special facilities on our Canadian bases. The warheads will remain the property of the United States, maintained and safeguarded by the minimum of U.S. personnel required to discharge these duties. These storage and maintenance facilities will be guarded by Canadian forces who will thus be responsible for the external security of the storage site. At certain stages of readiness or alerts declared on the occasion of a threatened attack or the outbreak of war, these warheads would have to be mounted on the appropriate weapons and vehicles, such as aircraft. Their transfer from storage for this purpose under these conditions would be made in accordance with decisions and orders of the President of the United States and the Government of Canada. Their release from U.S. control would be a U.S. decision. Their use by the Canadian forces would be a Canadian decision. This Canadian decision would be put into effect through the Commanders of NORAD, SACLANT or SACEUR having operational control of the Canadian units.

262. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], January 15, 1960

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley).
The Secretary of State (Mr. Courtemanche),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin), (Dr. Hodgson).

. . .

ACQUISITION OF NUCLEAR WEAPONS FOR CANADIAN FORCES
(Previous reference January 14)

6. *The Secretary of State for External Affairs* said the Committee of Ministers set up for the purpose had prepared another draft of a statement for the Prime Minister to use on the question of acquisition of nuclear weapons for Canada's forces. Word might come at any moment from Washington on the negotiations concerning defensive weapons for U.S. forces at Goose Bay and Harmon Field which might have a bearing on the statement to be made in Parliament next week.

7. *The Prime Minister* reiterated his view that the subject about which the public was most concerned was defence and its relations with the United States. He had to be able to say that, in so far as defensive weapons for Canada's forces were concerned, the government had the right of joint custody and the ultimate decision as to their use. If the U.S wanted to deny Canada these principles that was a U.S. decision. Khrushchev's recent statement about the phasing out of bombers in the U.S.S.R. — and his statements on defence matters had usually turned out to be accurate — proved the wisdom of the government's decision to cancel the Arrow.[57]

8. *During the discussion* the following points were made:

(a) It was debatable whether the U.S. would, in the end, want defensive weapons for their squadrons at Goose Bay and Harmon. It was also questionable whether nuclear warheads would be required for Canadian forces in Canada other than the two BOMARC squadrons.

(b) The public was opposed to storing offensive nuclear weapons on Canadian soil but defensive weapons, particularly for Canada's forces, were another matter. Presumably it would be agreed that Canadian forces should be equipped with the most modern weapons available, over which the Canadian government would have complete control.

(c) Demands for disarmament were not new and there was undoubtedly a recurrent demand in Canada and elsewhere for disarmament at this time which could not be overlooked. But none had ever led to the prevention of war.

(d) What worried Canadians was the fear that the U.S. might launch a war from Canadian bases. It had to be quite clear that what was being contemplated at the moment was the equipment of Canadian forces with weapons for defence only. In defence, the U.S. could not do without Canada just as Canada could not do without the U.S. The statement should insist on Canada retaining sovereignty within the limits of security.

(e) Ministers were agreed on the objective of proper control over the custody and use of these weapons, but it was questionable whether a long elaborate statement should be made at this time when negotiations with the U.S. for the acquisition of the weapons were about to start.

(f) Canada's forces would not be equipped with nuclear warheads for many months, a fact which should be taken into account in the announcement.

(g) The same principles to be adopted with regard to weapons in Canada would also apply in general to the defensive weapons for use by Canada's forces in Europe.

9. *The Cabinet*, later in the meeting, approved a further draft of a statement to be made by the Prime Minister during the debate on the address with regard to the acquisition and control of defensive nuclear weapons for Canada's forces.

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[57] Voir/See Volume 26, document 171.

263. DEA/50210-F-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM M-102 Ottawa, January 16, 1960
TOP SECRET. EMERGENCY.

ACQUISITION OF NUCLEAR WEAPONS

On Monday January 18 in the debate on the reply to the Speech from the Throne, the Prime Minister intends to include in his opening remarks a statement on government policy with respect to nuclear weapons and on the terms and conditions on which the Government expects to acquire them from the United States. The statement will be along the following lines:

2. Begins. The Government considers it necessary for the Canadian Forces to have a potential nuclear capability in certain defensive weapons that may be required if our defences are to be as effective as possible. Negotiations are now proceeding with the United States to have such weapons made available for Canadian defence units when and if they are required.

3. There are three important points which we have in mind in working out these arrangements.

4. Firstly, these weapons will be used by the Canadian Forces only if the Canadian Government so decides.

5. Secondly, nuclear weapons stored in Canada can be removed from the storage and maintenance area only with the consent of the Canadian Government.

6. Thirdly, there will be joint arrangements for the safeguarding and security of the weapons while they are in storage or in transit in Canada.

7. Once these arrangements are worked out and agreed, we would propose to review them each year to ensure that they are kept up to date with changing circumstances.

8. The same principles would be applied in respect of the Canadian Forces in Europe. Ends.

9. The foregoing are not necessarily the words that the Prime Minister will use, but they do cover the main policy points as approved by Cabinet January 15.

10. The gist of the intended statement has been passed to the American Ambassador who has transmitted it to the State Department. No action is therefore necessary on your part unless the United States authorities should raise the matter with you. In that event you should simply make note of any comments made and communicate immediately with me or the Under-Secretary by telephone.

[HOWARD] GREEN

264. PCO/D-1-5(F)

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 90 Washington, January 16, 1960

SECRET. EMERGENCY.

Reference: Your Tel M-102 Jan 16.

ACQUISITION OF NUCLEAR WEAPONS

Shortly after receipt of your telegram, Ivan White (Deputy Assistant Secretary European Affairs) asked us to call at the State Department this afternoon on the basis of the report they had received from USA Ambassador in Ottawa.

2. White said that they fully appreciated the desire of the Canadian government to make a general statement of Canadian policy in this important field. They assumed however that such a statement would follow on from the general lines of the earlier statement of last February, and would not repeat not go into detail with respect to specific arrangements presently under negotiation. They were much concerned at the summary of points they had received as the basis for a public statement for two principal reasons. First, the proposed statement appeared to prejudge the outcome of the important and delicate negotiations now under way (see our telegrams 76 and 83 January 15)[58] and secondly, it could also have an adverse effect on the whole network of arrangements with other NATO allies in this sensitive area.

3. We are relating White's specific comments to the paragraph numbers of your message.

4. There was no repeat no problem with regard to your preambular paragraph 2. On the three substantive points his comments were as follows.

5. "With regards to your paragraph 4, he said USA would prefer the statement to read that these weapons would be used by the Canadian forces only in accordance with NORAD (or related) procedures approved by the Canadian Government." He said by way of example that the key to the effectiveness of NORAD's operations for defence was the advance consultation and prior approval of the two governments to procedures authorizing CINCNORAD to act in situations of grave emergency.

6. Your paragraph 5 presented major difficulties. Provision for joint responsibility with respect to "removal from the storage and maintenance area" goes substantially beyond existing stock pile agreements with other NATO governments, and if such a provision were spelled out in public, there would be instant repercussions in a number of other NATO capitals. The other point to consider is that (as our reference messages have indicated) there is as yet no repeat no precise agreement between us on the definition of "the storage and maintenance area," and any public statement on this specific point would raise real difficulties.

7. Your paragraph 6, no repeat no objection.

8. On paragraph 7 referring to an "annual review" of the arrangements, USA authorities would much prefer a deletion of this reference, and a substitution of a reference to provide for a review at the request of either government (at any time). The reason for their concern here is that there is no repeat no provision for annual review in any other agreement.

[58] Voir les documents 240 et 241./See documents 240 and 241.

9. The substance of paragraph 8 would depend upon the prior principles stated, and on the various related agreements affecting other members of NATO still to be evolved.

10. In response to White's observations which he asked us to transmit to you as promptly as possible, we reminded him that the general principles set out in paragraph 2 to 6 were essentially incorporated in the original Canadian draft with respect to Goose Bay and Harmon submitted some months ago. It will be recognized, however, that for example with reference to the question of removal from storage, as a result of our receipt of USA counter draft of January 15, there are still important definitions to be agreed between us (we spoke on the lines of our discussion of January 15 with USA officials as reported in our telegram 83 January 15).

12. We understand that USA Ambassador will be transmitting the State Department's views directly to you.

265. DEA/50210-F-40

Aide-mémoire de l'ambassade des États-Unis

Aide-Mémoire by Embassy of United States

SECRET January 17, 1960

The United States Government is deeply disturbed and surprised that the Canadian Government is planning to make a public statement tomorrow on the storage and use of defensive nuclear weapons although this important matter is the subject of current negotiations between the two Governments.

The United States Government is seriously concerned that it has not been consulted in time on the text of this statement which concerns matters of importance to both countries, which affects its NATO arrangements abroad, and which discusses publicly points still under negotiation between the United States and Canada which have not yet been resolved between them.

With reference to the proposal that nuclear weapons shall be used by Canadian forces only if the Canadian Government so decides, the United States Government suggests that at the minimum this be rephrased to indicate that use of these weapons would be in accordance with NORAD procedures which have been approved by the Canadian Government. Prior approved procedures are the key to the operational effectiveness of NORAD forces. As now phrased there would be the implication that prospective stockpile agreement would contain the express provision that the decision of the Canadian Government would be required before use. The United States considers this a most sensitive point and no such provision has been contained in any stockpile agreement completed or under active negotiation. The proposed statement could lead to most serious consequences in connection with such agreements. Furthermore, if a public statement is made as proposed, this point could cause serious difficulties with efforts to achieve an integrated air defense in Europe which both the Canadian and United States Governments are supporting.

With reference to the proposal requiring the consent of the Canadian Government for the removal from storage of nuclear weapons stored in Canada, as the Canadian Government is aware the United States still has under negotiation arrangements under which weapons would be released from storage in Canada. A public statement as proposed could have serious adverse consequences for other stockpile agreements.

With reference to the proposal that joint arrangements be entered into and reviewed annually for the safeguarding and security of weapons while in storage or transit in Canada, none of the stockpile agreements which have been concluded have provision for review every

year. The proposed statement would, thus, run the risk of causing serious problems with other countries.

It is the earnest hope of the United States Government that it will not prove necessary to comment publicly on these points before the two Governments have been able to consult further on the manner of presentation. The United States Government would, of course, see no objection to a statement at this time similar to that made before Parliament last year.

The United States is puzzled by the reference to the Canadian desire to exercise joint custody over weapons stored at Harmon Air Force Base and at Goose Bay for United States air forces under NORAD since it appears to be at complete variance with the Canadian Government's position on this point as enunciated in the Prime Minister's statement on February 20, 1959, before Parliament.

Since the current negotiations have been conducted with the full knowledge of the Canadian Government and with its apparent acceptance that United States law requires that custody of nuclear warheads remain with the United States, it is assumed that custody is interpreted by the Canadian Government as embracing a joint responsibility which will be exercised over the use of these weapons under NORAD plans and procedures as approved by both Governments, whereas custody in the United States sense is limited to physical custody.[59]

266. DEA/50210-F-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM G-6 Ottawa, January 18, 1960

SECRET. EMERGENCY.

Reference: Your telephone conversation with Minister this morning.

Following for Ambassador from Robertson.

Following is text of draft which the Minister read to you incorporating some amendments which are being submitted for the Prime Minister's consideration. You will appreciate this draft is still subject to change. Text Begins:

While I have carefully explained the views of the Government on previous occasions, concern has been expressed regarding nuclear weapons in respect to which negotiations are still under way with the United States.

Canada's stand might be summarized in this way — eventually Canadian forces may require certain nuclear weapons if Canadian forces are to be kept effective. For example, the BOMARC anti-aircraft missile to be effective would require nuclear warheads.

It is the belief of the Government, too, that there should be no increase in the number of countries manufacturing such weapons and therefore, if obtained, they will be from the United States. The principle of United States *ownership* but Canadian control of use is the general principle.

In these circumstances, negotiations are proceeding with the United States in order that the necessary weapons can be made available for Canadian defence units if and when they are required.

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[59] Note marginale estampée :/Stamped marginal note:
Seen by John G. Diefenbaker

I cannot comment in detail on these negotiations, but I wish to state that arrangements for the safeguarding and security of all such weapons in Canada will be subject to Canadian approval and consent.

I want to make it abundantly clear that nuclear weapons will not be used by the Canadian forces except as the Canadian government decides, and then in a manner approved by the Canadian government. Canada retains its full freedom of choice and decision.

Furthermore, in order to ensure that any agreement entered into is kept up-to-date, it will be made subject to review at any time at the request of either government.[60] Text Ends.

267. CEW/Vol. 3093

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 116 Washington, January 20, 1960

SECRET. OPIMMEDIATE.

Reference: Your Tel DL-47 Jan 19.†

Following for the Under-Secretary.

STORAGE AND USE OF NUCLEAR WEAPONS IN CANADA

You may wish to let the Prime Minister and the Minister know that USA authorities greatly appreciate the efforts made over the weekend to meet their very real difficulties in relation to the statement to be made by Mr. Diefenbaker in the House of Commons. At the same time I think that the Prime Minister and Mr. Green should feel quite certain that the Canadian position in this matter has been very frankly put to the Americans.

2. In my judgment, the important thing now is to press on with the negotiation and completion of the actual agreement between the two governments and to ensure so far as we can that the objectives set out in the original Canadian draft are embodied in the final text.

[A.D.P.] HEENEY

[60] Pour le texte officiel de la déclaration du premier ministre Diefenbaker, voir Canada, Chambre des Communes, *Débats*, 1960, volume I, pp. 78 à 79.

For the official text of Prime Minister Diefenbaker's statement, see Canada, House of Commons, *Debates*, 1960, Volume I, p. 73.

268. DEA/50210-F-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], January 26, 1960

ACQUISITION OF DEFENSIVE NUCLEAR WARHEADS FOR CANADIAN FORCES

I refer to my memorandum to you dated December 7, 1959,[61] under cover of which there was submitted for your consideration a negotiating draft of a proposed Agreement with the United States concerning the acquisition of nuclear warheads for Canadian Forces in Canada and Europe. As explained in the memorandum, the Agreement was intended only to set out the broad principles under which nuclear warheads would be accepted should the Government decide to obtain them. The Agreement would not in any way commit the Canadian Government to the acceptance of such weapons and it would require to be supplemented by further specific agreements for the acquisition, control and use of particular weapons in particular circumstances.

Subsequently (about two weeks ago), we made certain changes in the draft Agreement to reflect views conveyed to us by Mr. Bryce on behalf of the Prime Minister. These changes were as follows:

(a) Paragraph 3 of the Annex to the draft Agreement was amended to give expression to the concept of joint responsibility for the custody of the warheads, with the United States maintaining physical possession, and Canada being responsible for external security;

(b) A new paragraph 4 was inserted to provide that authorization of the use by Canadian Forces of the warheads subsequent to their transfer in accordance with U.S. law, would be the responsibility of the Government of Canada;

(c) A provision was added (paragraph 19 of the Annex) to the effect that the terms of the Agreement would be reviewed by the two Governments at the request of either Government, and that after such review it could be terminated by either Government on six months' notice.

A copy of the draft Agreement incorporating these changes is attached. I think that with these amendments it reflects the three principles enunciated by the Prime Minister in his speech in the House of Commons on January 18, i.e. U.S. ownership, Canadian control of use, and provision for review of the Agreement at any time at the request of either Government.

In view of the statement made by the Prime Minister in the House of Commons that negotiation of this Agreement was now under way with the United States authorities, I should be grateful to know if we may now instruct our Embassy in Washington to seek the comments of the State Department on the draft, or if you wish first to consult further with your Colleagues.

N.A. R[OBERTSON]

[61] Voir/See Volume 26, document 191.

269. DEA/50210-F-40

Note de l'adjoint spécial au secrétaire d'État aux Affaires extérieures pour la 1ère Direction de liaison avec la Défense

Memorandum from Special Assistant to Secretary of State for External Affairs, to Defence Liaison (1) Division

SECRET [Ottawa], January 26, 1960

STORAGE OF NUCLEAR WEAPONS AT GOOSE AND HARMON

I have been asked to pass on to you the Minister's instructions that the negotiations for the conclusion of an agreement between Canada and the United States covering the storage of nuclear weapons at the United States bases at Goose and Harmon are to be completed before any further attempt is made to negotiate a general agreement covering the acquisition of nuclear weapons for use by Canadian forces at Canadian bases.

ROSS CAMPBELL

270. J.G.D./VI/154.3

Le ministre de la Défense nationale au premier ministre

Minister of National Defence to Prime Minister

SECRET [Ottawa], June 24, 1960

My dear Prime Minister:

In view of the attention that is being focussed on the question of acquisition of atomic weapons for our forces both at home and in Europe, I thought it would be useful to bring you up-to-date on the situation and the problems we face. You will recall that last January 6th I forwarded you a memorandum[62] setting out the progress that had been made in this matter, and on January 18th you informed the House that negotiations were proceeding with the United States in order that the necessary weapons would be made available for Canadian defence units if and when they were required.

In the memorandum of January 6th it was pointed out that the preliminary step in obtaining nuclear weapons from the United States was to negotiate a general agreement covering the principles under which Canada would get atomic weapons, which should cover the broad requirements for custody, control, security, safety requirements and the provision of storage facilities.

After a general agreement had been negotiated, it would then be necessary to make specific arrangements with the Supreme Allied Commander Europe, the Supreme Allied Commander Atlantic, and the Commander-in-Chief NORAD, on the details of how the Canadian formations under the operational control of those commanders would get the specific weapons called for in their operational roles.

You will recall that the Canadian Government has agreed to a NATO request for the provision of an atomic capability for the Canadian Brigade Group in Europe and we are in the process of contracting for a battery of the 762mm surface-to-surface missile known as the

[62] Voir/See document 255.

"Honest John" to meet this agreement. Additionally we are in the process of re-equipping the Air Division in Europe with the CF104 aircraft, which is designed to carry a tactical atomic weapon. This latter commitment was undertaken under very strong urging from the NATO authorities and from General Norstad himself.

It is necessary for us to negotiate with the Supreme Allied Commander Europe and the host countries for the provision of storage for our weapons. We estimate that approximately two years' time must elapse between the start of the negotiations and the completion of the storage facilities. It is further estimated that the surface-to-surface weapon for the Brigade can be available in Europe in approximately eighteen months time, and the present plans call for the deployment of the first squadron of CF104 aircraft to take place in November of 1962. It is therefore essential, if the weapons and the warheads are to be in position in Europe at approximately the same date, that negotiations for the storage arrangements be undertaken as soon as possible. We have been under considerable pressure to allow our representatives to discuss with the SHAPE authorities and the host governments concerned the arrangements under which storage can be provided in Europe, but have had to restrict our participation to non-committal preliminary discussions because of the lack of a general agreement on the procurement of atomic weapons for Canadian forces.

I recognize the difficulty of reconciling Canada's position[63] where we have made commitments to provide atomic armaments for our forces both at home and abroad, while at the same time we are engaging in disarmament discussions which we hope would make these armaments unnecessary. I do feel, however, that we are in a very difficult position in that we are going ahead with part of the programme, i.e., the provision of the weapon carriers, while at the same time we are not taking steps to provide the warheads.

You are aware that, although discussions were undertaken on the military level looking forward to the acquisition of warheads approximately a year ago, there has been no formal approach to the Americans to start the negotiation of a general agreement. I thought it would be useful for me to draw the above to your attention at this time and to urge that we consider making an approach now to working out a general agreement with the United States. No publicity need be given to these arrangements and they need not be consummated until there are further developments in our efforts to secure an effective disarmament arrangement; but at least we would not be in the unhappy position of pressing forward with a very expensive programme[64] without at the same time attempting to ensure that the weapon for this programme would be made available to us if we needed it.

Yours sincerely,

GEORGE PEARKES

[63] Note marginale :/Marginal note: Security [J.G. Diefenbaker]

[64] Note marginale :/Marginal note: ? [J.G. Diefenbaker]

271. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 201-60 [Ottawa], June 24, 1960
SECRET

NUCLEAR WEAPONS POLICY

The purpose of this memorandum is to review the current situation with respect to proposals by the United States for storage of nuclear weapons in Canada, and to the question of the acquisition of nuclear warheads for Canadian forces, so that Ministers may give consideration to these matters prior to the meeting of the Canada-United States Ministerial Committee on Joint Defence to be held on July 12 and 13.[65]

There are five aspects to this general question:

(a) The United States has sought permission for the storage at Goose Bay and Harmon Air Force Base of nuclear air-to-air defensive weapons for use by United States interceptor aircraft under NORAD control.

(b) The United States has sought permission for the storage of nuclear anti-submarine weapons at the United States Naval Base at Argentia for use by United States Naval Forces operating under the control of the Supreme Allied Commander Atlantic.

(c) The United States has sought permission for the use of existing storage facilities at Goose Bay for the storage of nuclear weapons for the Strategic Air Command.

(d) The possible acquisition of nuclear warheads for Canadian use in Canada, especially for BOMARC's.

(e) The possible acquisition of nuclear weapons for Canadian use in Europe for the CF-104 and for the Honest John.

On (a), the Cabinet has given its approval in principle, subject to the conclusion of a satisfactory Exchange of Notes. The first draft of such an exchange was given to the State Department last October, and a second draft, revised in the light of United States comments on the earlier draft and approved by the Cabinet, was conveyed to the State Department last March. Considered United States views on this second draft, a copy of which is attached,[66] are now being awaited. The three most important principles underlying this draft are:

(i) Arrangements for storage will be a joint responsibility of the two Governments.

(ii) Responsibility for their removal from the base will be shared.

(iii) Responsibility will be shared for the use of the weapons.

It is understood that the two aspects of this negotiation causing concern to the United States Government are:

(a) the omission in the draft of any reference to custody, either directly or by reference to the applicability of United States law, and

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[65] Ce document a aussi servi de mémoire pour la délégation canadienne qui a pris part à la réunion du Comité Canada-États-Unis sur la défense commune, en juillet 1960./Voir les documents 301 et 302.
This document also served as a brief for the Canadian delegation attending the Canada-United States Committee on Joint Defence meeting in July 1960. See documents 301 and 302.

[66] Voir/See document 244.

(b) the stipulation that with respect to storage at Goose Bay the terms of the Goose Bay Lease would apply. One of the provisions of the Lease is that the RCAF Station commander shall have access to all parts of the leased area. This would mean that he would have access to the storage site, and presumably to the weapons themselves.

Action Required

Formal reaction of the United States has yet to be received. If the United States raise no objection to the draft, the Exchange of Notes could be completed as soon as desired.

* * * *

The other four aspects were discussed in general terms at the Camp David meeting of the Ministerial Committee last November. One of the main problems in connection with United States storage in Canada has been to develop formulae which, on the one hand, will meet the requirements of United States legislation and, on the other, the concern of Canadian Ministers regarding control over release from storage and over the use of these weapons.

With respect to the storage of naval weapons at Argentia, the United States side at Camp David expressed the view that nuclear weapons carried on board United States navy ships would not be regarded as having been removed from land storage sites.[67] The Canadian side pointed out that under these circumstances the Canadian Government would not be able to exercise control over release from storage of weapons stored in Canada. Although the United States side urged that an attempt be made to avoid imposing inoperable conditions which would render the defensive use of the weapons more difficult, it was agreed that the question of controls would have to be further explored. However, no further consideration has been given this aspect pending progress on the Exchange of Notes regarding storage of air-to-air nuclear weapons at Goose Bay and Harmon.

Action Required

Nothing further until the texts of the Notes regarding Goose Bay and Harmon have been agreed.

* * * *

With respect to the storage of nuclear weapons for the Strategic Air Command at Goose Bay, Canadian Ministers at Camp David made it clear that no decision would be taken for a while. The United States Secretaries stressed the importance they attached to the storage at Goose Bay of nuclear weapons for use by the Strategic Air Command on re-strike missions. The original request had been made as part of the policy of dispersing SAC forces and SAC weapons, a policy which, in the United States view, is becoming more valid as the Soviet missile threat grows in strength. Canadian Ministers expressed the view that storage for SAC in Canada would present great difficulties politically but promised that the question would be further considered by the Government in the light of the views put forward by the United States side. It is to be assumed that the United States Secretaries will raise the matter again.

Action Required

Further consideration of United States proposal by Canadian Ministers before the meeting on July 12.

* * * *

With regard to the acquisition of nuclear warheads for Canadian use in Canada (especially for BOMARC) and Canadian use in Europe (for the CF-104 and the Honest John), a

[67] Voir/See Volume 26, document 229.

preliminary technical draft agreement was discussed informally some time ago between the Canadian and the United States services and this was subsequently reviewed and revised by officials of the Canadian Government. A new draft of an agreement to cover both these aspects has been prepared by Canadian officials and in it an attempt has been made to provide a formula to meet United States legislative requirements and Canadian Ministers' wishes regarding control over release from storage and for use. This draft has not, however, been considered by Ministers, nor has it been discussed with the United States authorities. The current NATO infrastructure programme includes funds for the construction of storage facilities for nuclear warheads to meet the requirements of the Canadian Brigade in Germany and the Air Division, and the Canadian defence authorities are being pressed by the NATO military authorities to make arrangements to get the construction under way. Arrangements for the storage of nuclear warheads in Europe will have to be made with the host governments in sufficient time before the CF-104 becomes available to the Air Division and the Honest John to the Brigade. A first step, however, would be the negotiation with the United States of an agreement setting out the general conditions for the acquisition of the nuclear weapons.

Action Required

(a) Decision on the principle of acquiring nuclear warheads;

(b) If that decision is affirmative, formal governmental consideration of the draft general agreement.[68]

H.C. GREEN

272. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], July 4, 1960

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General and Acting Secretary of State (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Defence Production (Mr. O'Hurley).

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[68] Note marginale :/Marginal note:
Dropped Bf Dec 12 60 Pls advise Mr Bryce that policy considered as settled for the moment. W.H. [Barton]
Cette note semble avoir été inscrite dans la marge postérieurement, en 1960.
This marginal note appears to have been added later in 1960.

The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Martin).

. . .

NEGOTIATIONS WITH THE UNITED STATES ON ACQUISITION OF NUCLEAR WEAPONS FOR CANADIAN FORCES
(Previous reference January 15)

3. *The Prime Minister* said it would be difficult to devise a suitable answer to the question put by the Leader of the Opposition in Parliament[69] as to whether the government was continuing to negotiate with the United States on the acquisition of nuclear warheads for the use of Canada's forces. He reviewed the statements he had made on this subject starting with the important announcement of February 20th, 1959. He referred to the draft reply which Mr. Green had prepared for his use in Parliament that day and another draft he had prepared himself. The position of the government on this matter remained as it had been stated several months ago, namely that custody would be the joint responsibility of Canada and the U.S. and that the weapons would be used only after both governments had given their approval.

4. *The Secretary of State for External Affairs* referred to his memorandum, which had been circulated, on the question of nuclear warheads for the use of Canadian forces and a number of proposals by the United States for the storage of nuclear weapons in Canada. So far no decisions had been reached on these matters although the arrangements with the U.S. for storage of defensive weapons on the leased bases at Goose Bay and Harmon Field could be settled quickly if the U.S. were to agree to the conditions stipulated by Canada. Negotiations with the U.S. in the formal sense were under way in connection with this particular aspect of nuclear weapons policy but not with any of the others. His department had received no instructions from the Cabinet to negotiate except on this one matter. The whole question was a most difficult one. Control was one of the central issues. So far the U.S. had not accepted Canada's views in regard to control. Until this was done, and an agreement for storage at Goose Bay and Harmon worked out, he felt it would be quite unwise to make any new statement of policy.

(Minister's memorandum, June 24 — Cab. Doc. 201-60).

5. *During the discussion* the following points emerged:

(a) The previous statements had said, in effect, that Canada would have defensive nuclear weapons, provided the Canadian government shared the responsibility for custody and use. Unless this was assured, Canada would not adopt these warheads.

(b) The question relating to warheads for Canada's forces had arisen at this time because other questions were being asked as to why large sums of money were being spent on equipment and weapons which would not be effective unless equipped with nuclear warheads.

(c) Another reason why awkward questions were being asked was because, on the one hand, one Minister had said that negotiations with the U.S. were proceeding on this subject whilst another had said that they were not. Months ago the Prime Minister had announced that negotiations were under way.

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[69] Voir Canada, Chambre des Communes, *Débats*, 1960, volume V, p. 5881.
See Canada, House of Commons, *Debates*, 1960, Volume V, p. 5639.

(d) It was desirable to proceed with one aspect of nuclear weapons policy at a time. First of all, the Goose Bay and Harmon matter should be settled, then warheads for Canadian forces in Canada and under N.A.T.O., and then, later, the other questions.

(e) Against this, it was argued that the weapons for the forces would start to be available in 18 months time. Construction of storage facilities had to be put in hand and agreements made with N.A.T.O. commanders; too much time should not be allowed to go by.

(f) To proceed now might mean the further spread of nuclear weapons, a trend to which the government was firmly opposed.

(g) On the other hand, the government had considered this as long ago as February, 1959, when the Prime Minister had announced government policy on the acquisition of nuclear weapons and on related points.

6. *The Cabinet* noted the discussion on nuclear weapons policy and on the possible nature of the reply which might be given to the question in Parliament regarding negotiations with the United States for nuclear warheads for Canada's forces.

. . .

273. PCO/D-1-5(f)

Note du greffier du Conseil privé pour le bureau du Conseil privé

Memorandum from Clerk of Privy Council to Privy Council Office

SECRET [Ottawa], October 28, 1960

Memorandum for Mr. Dewar

Reflecting on the discussion I had with General Burns on Wednesday, I think one of the most important things we require is a basic memorandum on what Canadian policy should be in regard to nuclear weapons, both for Canadian forces in Canada and overseas, for U.S. forces in Canada and generally in regard to NATO and other countries.

External Affairs are not in a good position to prepare this because Mr. Green is known to hold such strong views. National Defence are apt to think of it too much in terms of the immediate requirements for the Canadian forces. I think you and I are probably the ones that should try to prepare this. Could you give some thought to it in the next few days?

It should take into account some of the long range factors which we have discussed, as well as the immediate problems of the next several years. I shall not be shocked if it ends up with the implication or perhaps the explicit warning that the CF-104 programme for Europe was a mistake on our part.

Think this over for a day or two and we can speak about it early next week.

R.B. B[RYCE]

274. PCO/D-1-5(F)

Note du bureau du Conseil privé
pour le greffier du Conseil privé

Memorandum from Privy Council Office
to Clerk of Privy Council

SECRET [Ottawa], November 9, 1960

I attach a paper on this subject which contains a background section dealing particularly with the implications, as I see them, of foreseeable changes in the pattern of deterrence, and a consideration of the factors to be considered in reaching a decision on what Canadian weapons policy should be. I have not, on most points, made policy suggestions, but rather discussed the advantages and disadvantages of alternative courses. By far the most difficult questions are those concerning the Canadian forces in Europe, and indeed the whole pattern of European defence and NATO policy. I don't think that part of the paper is very satisfactory.

I have given a copy of the paper to Mr. Martin.

D.B. D[EWAR]

[PIÈCE JOINTE/ENCLOSURE]

Note du bureau du Conseil privé

Memorandum by Privy Council Office

SECRET

CANADIAN POLICY ON NUCLEAR WEAPONS

General Factors Affecting the Decision

The United States can be expected within two or three years to have for deployment a sufficient number of Polaris-armed nuclear submarines to give her an invulnerable deterrent capability.[70] This capability should have the effect of improving the general security position, because the invulnerability of the system will render any attempt at preventive attack against it useless. It may be anticipated that the Soviet Union will also achieve an invulnerable deterrent base in submarines not long after the United States. If so, the situation will have developed in which each of the two super-powers will, so far as can be seen now, be totally deterred from attacking deliberately the home bases or cities of the other, because retaliation for such an attack would be certain. For the same reason, one can expect that each country will take the most thorough steps to ensure that its system is free of the dangers of reacting mistakenly or prematurely. The invulnerability of the deterrent will also have the effect of decreasing the need for maintaining retaliatory forces at a high level of alertness, further adding to the stability of the deterrent situation between the two countries. Indeed, it may at this point be to the advantage of both countries to dismantle their more vulnerable and hence less stable deterrent forces which will no longer be necessary to their security and which create some risk of war through misunderstanding or miscalculation of intentions.[71]

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[70] Note marginale :/Marginal note:
Strong [auteur inconnu/author unknown]

[71] Note marginale :/Marginal note:
Is Polaris [this] good & certain? [auteur inconnu/author unknown]

The achievement of the invulnerable deterrent will tend to create a situation of stability for those countries that possess it, but will not improve the security positions of most other countries except insofar as they can be more confident that war will not break out through preventive action or miscalculation between the super-powers. The security of European members of NATO will not be improved because the United States, feeling more secure behind its invulnerable deterrent, may withdraw from participation in the defence of Western Europe. Although a decision to withdraw may not be taken openly, any tendency on the part of the United States to cut back in its conventional or tactical forces and rely on the Polaris deterrent (wherever it is stationed) will adversely affect European security[72] because the invulnerable deterrent will not be credible as a protection for Europe beyond the time the Soviet Union also comes into possession of an invulnerable deterrent. If both sides possess the invulnerable deterrent, the security provided by it could apply only to those areas on which an attack would be totally unacceptable, that is the homeland of the possessors. It is unlikely that Western Europe can create an invulnerable deterrent of its own in the period before the Soviet Union,[73] with the United States deterred, can credibly threaten to prevent it by force if necessary. And even if the United States is prepared to give Western Europe such a deterrent force before that time arrived, Europe will not within the reasonably near future have the degree of political union that is essential to give the deterrent credibility.[74]

The defence of Europe will as a result become a very difficult problem, and it must be solved in the face of conditions in which the Soviet Union, with the United States strategically deterred, may well feel able to pursue a more provocative policy. Soviet policy and pressures on Berlin, for instance, will likely increase. It is unlikely that the Soviet Union will be prepared to see political union achieved in Europe, let alone the creation of a nuclear deterrent, and if the United States is effectively removed from Europe strategically, the Soviet Union will be able to enforce her demands there by conventional arms, or the threat of conventional arms, without resorting to nuclear weapons. For Europe to attempt in the situation to arm itself with nuclear weapons would be to invite threats of Soviet attack; Europe could hope only to maintain large conventional forces to protect itself from other than Soviet dangers, to reduce the element of provocation to the Soviet Union and to minimize the damage that would be caused by war if it should occur.

It might be considered that for the reasons given above it would be advisable to arm Western Europe heavily now with nuclear weapons, before the mutual and total deterrence of the Soviet Union and the United States have removed Western Europe from the protection of US strategic force. Such a course might be attractive to Europeans, although it is questionable whether the political foundation for such a structure exists or whether the Soviet Union would not, as soon as it achieved its invulnerable deterrent to checkmate the United States, insist that Europe should dismantle its nuclear forces. The fact that Germany would be the key of such an arrangement makes this eventuality more likely. Furthermore, it is questionable whether the United States would see it as being in its own long-term interest to provide strong nuclear forces to a Europe with which it could not long remain in a position of close and senior partnership and which might well become embroiled in a nuclear war with the Soviet Union, of which the consequences for the world could not be foreseen. It would not in any case be in the security interests of Canada to help persuade the United States to provide Europe with such

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[72] Note marginale :/Marginal note:
In other words USA will not suffer destruction for Europe? [auteur inconnu/author unknown]

[73] Note marginale :/Marginal note:
but US can give it [auteur inconnu/author unknown]

[74] Note marginale :/Marginal note:
? [auteur inconnu/author unknown]

forces, through a NATO agreement, for instance, even though it is in our political and economic interests to have a free and allied Europe.

It is likely that in the future the United States will consider itself secure from China because of its possession of an invulnerable strategic force, although the United States may, of course, think it necessary to provide other types of forces for the protection of its interests overseas which may be jeopardized by China. It may be questionable whether China will feel itself deterred by United States strategic power, although it is hard to believe that the Chinese would, on ideological grounds,[75] seriously risk nuclear bombardment of their country. They might feel, however, that they would be free from all-out attack from the United States so long as they took aggressive action short of an attack on the United States itself. It is likely that the Chinese will continue to work towards the development of nuclear weapons, both strategic and tactical, but will not achieve an invulnerable deterrent in the foreseeable future.[76]

Canadian Policy

Four principal factors, therefore, will probably determine the defence picture in the next few years and provide the context in which a Canadian policy on nuclear weapons should be decided:

(1) With the progressive improvement of the invulnerable deterrent by the United States, the likelihood of a deliberate nuclear attack on the United States will decrease markedly.

(2) The security position of Western Europe is likely to worsen and the likelihood of limited wars in Europe increase.

(3) China will become a nuclear power with at first a limited delivery capability. China is likely to pursue an expansionist policy against which it is difficult to measure what effect strategic deterrence would have.

(4) In the future, when the two super-powers are secure from deliberate attack from each other, but not restrained from pursuing their interests in the world by lesser means, when the security situation in Europe will likely have deteriorated, and when China will be following an aggressive policy in Asia, there is likely to be increased need for and use of international peace-keeping machinery, probably in the form of emergency forces under the United Nations.

A. DEFENCE OF NORTH AMERICA

(i) The decision whether *Canadian forces in Canada* should be provided with nuclear weapons depends on three factors:

(a) A*n assessment of the threats and of the degree of usefulness nuclear weapons would have in meeting the threats*. The danger of deliberate attack on the United States is likely to decrease markedly as the US deploys the invulnerable deterrent. The danger of intercontinental attack as a result of misunderstanding of intentions is also likely to be decreased, even if the older "unstable" deterrent forces are maintained, by the realization on both sides of their inability to destroy the other's retaliatory forces and of the certainty of a counter-blow. China may represent a growing threat to the United States. It seems reasonable to interpret the extent of the danger to the United States as applicable to Canada also. Although there is some question whether full creditability can be given to the defence of Canada by United States retaliatory power if the Soviet Union possesses an invulnerable

[75] Note marginale :/Marginal note:
? [auteur inconnu/author unknown]

[76] Note marginale :/Marginal note:
? [auteur inconnu/author unknown]

deterrent, it is very unlikely that a major power would think it worthwhile to attack Canada except as part of an attack at the same time on the United States.

The judgment to what extent nuclear air defence weapons used in conjunction with any foreseeable carrier system (BOMARC's, interceptors, anti-missile missiles) would reduce the effects of an attack to a worthwhile degree must be a scientific and military judgment. The questions should be raised, however, whether the result would justify the disadvantages of acquisition, as well as whether the probably decreasing threat renders acquisition unnecessary.

(b) *The effects of a positive or negative decision on our relations with other countries.* It is quite possible that a negative decision would cause difficulties in our relations with the United States unless the United States changes its judgment of the strategic situation. On the other hand, it is not to be expected that a negative decision would cause any serious reaction among our allies overseas to whom the problems of North American defence are remote. A negative decision might have beneficial effects on our ability to oppose the nuclear rearmament of Germany. It would also tend to assist us in playing a role in promoting disarmament negotiations, and would make us more acceptable (and perhaps more capable) of participating in United Nations peace-keeping activities. Our influence and prestige among the non-nuclear powers generally would be benefitted by a negative decision, as would our ability to work effectively for measures to prevent the spread of nuclear weapons.

(c) *Morale of the armed forces.* It is possible that a negative decision would have an unfortunate effect on the forces' morale. This might be prevented by a clear formulation of Canadian purposes and forces' duties in such areas as service in small, limiting, conventional wars and international peace-keeping activities.

(ii) The desire of the *United States* to have *nuclear weapons in Canada* may, if the argument in this paper is correct, disappear after the invulnerable deterrent is deployed in two or three years time. It is very questionable whether the need for deployment of SAC aircraft at Goose Bay or for the provision of tanker bases in Canada will appear justified even to the United States Government after that time, although the United States would probably not now be willing to anticipate such a judgment. Under the circumstances, we might consider making an agreement on the Goose Bay request for about two years with the provision attached that it might be renewed or might lapse at that time.

The request of the United States to station interceptor aircraft in Canada is subject to the same considerations about the likely decrease in the threat and the worthwhileness of the defence provided that apply in respect of the question of acquisition of nuclear weapons for Canadian air defence forces. The situation is different, however, in that the United States cannot be expected to accept the Canadian judgment on the usefulness of these interceptors and that no change of policy concerning the use of nuclear weapons is involved from the United States point of view. If Canada decides to acquire nuclear weapons for air defence purposes, there should be no difficulty in agreeing to the United States request. If our decision is negative, however, it might be wise to agree to the United States request for, say, two years on the terms suggested in respect of the SAC base request. Such a course could be justified on the grounds that it was taken in accordance with a United States judgment of *its* defence needs, and only in relation to leased bases, and that Canada did not consider that the extent or duration of the threat against which interceptors would be effective or necessary justified the serious change in policy that a decision to acquire nuclear weapons for Canadian use would involve.

B. CANADIAN FORCES IN EUROPE

Our freedom of action in deciding on a nuclear weapons policy in Europe is limited by the multilateral nature of NATO planning. We can hope to influence NATO decisions but we can not set them. If we disagree with the atomic policy of NATO our only alternatives may be to accept the policy in respect of our NATO-committed forces or withdraw these forces. Moreover, our freedom of decision may be further limited by the fact that commitments and programmes in respect of the Honest John and CF-104 have already been agreed to.

We may wish, however, to use our influence in determining the general NATO policy on nuclear weapons which is still undecided. It should be considered whether our interest does not lie in trying to persuade our partners that West European defence should rest mainly on conventional forces, and that Canada and the United States should assist in the strengthening of those forces.

275. PCO/D-1-5(F)

Note du greffier du Conseil privé pour le premier ministre

Memorandum from Clerk of Privy Council to Prime Minister

SECRET [Ottawa], November 22, 1960

NUCLEAR WEAPONS POLICY

Judging from scraps of information I have heard from Mr. Harkness and others, I gather it is going to be very difficult to reach agreement on policy in regard to nuclear weapons for the Canadian forces and the means of expressing it. I think you will be hard-pressed in the House during the next month on this matter. We are, as you know, spending millions each month on aircraft to use nuclear weapons in Europe and getting closer and closer to readiness with BOMARC bases that will only be effective if they are equipped with nuclear arms. In addition, they are related to the rather awkward situation we are in in regard to fighter aircraft now that it looks almost certain that the triangular swap deal[77] is not a possibility.

It may be that you want to be able to make a statement on our policy before Christmas because of domestic reasons. On the other hand, this is perhaps one thing that it is best to keep fluid for discussions with the new American Administration next February or March. NATO policy on this matter is also fluid to say the least. Of course the price of postponement is some awkwardness in Parliament and more and more commitment of funds to the aircraft and BOMARC programmes that involve these weapons.

I wondered if it would not be helpful for you to ask Air Marshall Miller, Norman Robertson and myself to report on this subject during the next two or three weeks. We could consider both the substance of the matter and the timing of a decision in relation to the related issues at stake.

[77] Voir la section 3 de cette partie./See Section 3 of this Part.

I would suggest if we do this that none of us should be given firm instructions by Ministers, but simply requested by yourself to do our best to produce a joint report that will outline the problems, the possible alternatives and, if we can, make an agreed recommendation[78]

R.B. B[RYCE]

276. DEA/50219-AM-40

Note du greffier du Conseil privé pour le sous-secrétaire d'État aux Affaires extérieures et le président du Comité des chefs d'état-major

Memorandum from Clerk of Privy Council to Under-Secretary of State for External Affairs and Chairman, Chiefs of Staff Committee

SECRET [Ottawa], November 30, 1960

RECOMMENDATIONS ON NUCLEAR WEAPONS

I would suggest that we should ask our staffs to prepare a paper for the Cabinet Defence Committee following our discussion this morning that would provide the background and analysis necessary to lead up to the following recommendations, which I think was the course we agreed on this morning:

1. The Canadian Government should proceed now with the necessary international negotiations to enable the Canadian forces to be in a position to acquire, when and if they need them, those nuclear weapons which it has already been announced that the Canadian forces would be equipped to use — i.e. with the CF-104, the Bomarcs, the Honest Johns, the anti-submarine weapons, and possibly weapons for fighter aircraft in North America. These international negotiations would be undertaken at the same time as we are proceeding with the physical preparations and training necessary for this purpose and on which large sums are already being expended month by month. The Government would say publicly that its policy remains what it has been for the past eighteen months — i.e. preparing to be in a position to acquire nuclear weapons for its forces if and when the Government decides the Canadian forces require them. It should also be understood that all the varied preparations could go forward concurrently, including the preparation of sites and any necessary expenditure on infrastructure in NATO.

2. We should proceed now without delay to conclude the agreement with the United States for the holding of nuclear air defence weapons for U.S. forces at the U.S. bases at Harmon Field and Goose Bay. The substance of this agreement has already been worked out and verbally agreed with the United States and the problems relating to joint custody and control have been resolved.

3. At the Ministerial meeting of NATO in December, Ministers should be prepared to consider on their merits the proposals for putting the Polaris or other medium-range ballistic

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[78] Note marginale :/Marginal note:
I handed this note to PM and spoke about the subject 22/11 about 6 :15 pm. I am not sure that he read the note; in fact I doubt if he did, but he agreed to the suggestion that A/M/Miller, N.A. R[obertson], & I should prepare a report as proposed. He said his own preference was
(a) policy should be consistent with his statements in Hansard, which he enumerated (main ones)
(b) Cdn forces should have nuclear weapons if we can obtain them subject to joint control i.e. the 2 govts (US & Can) would agree on need to use (a release for use) and there would be two keys to cupboard — as in UK. R.B. B[ryce]

missiles into Europe or in submarines or other vessels around Europe under some type of NATO control. To the extent that these represent a substitution of missiles for aircraft carrying weapons of equivalent range and yield, they should not be regarded as constituting a new departure in deterrent policy. In so far as they have greater range or yield their relationship to policies as to the stationing and control of strategic weapons should be considered but without reaching decisions until the views of the new U.S. administration are known and stated.[79] In so far as the nature of the NATO control to be exercised over the use of these weapons is concerned, we have not yet seen any practical formulas for the control that appear better, either in principle or procedure, than the type of control contemplated heretofore — i.e. concurrence in their use by the government whose forces would employ the weapons, by the President of the United States who would be supplying and releasing the warhead for use, and possibly by the government of the country from whose territory the weapon would be despatched, plus, if time permits, consultation with the NATO Council.

4. It would be clearly understood and stated that Canadian action in acquiring, holding or using nuclear weapons and means of their delivery would be subject to any measures of disarmament or arms control agreed between the East and the West.[80]

R.B. B[RYCE]

277. DEA/50210-F-40

Le ministre de la Défense nationale
au secrétaire d'État aux Affaires extérieures

Minister of National Defence
to Secretary of State for External Affairs

SECRET Ottawa, December 30, 1960

My dear Colleague:

I refer to the Record of Decision of the Meeting of Cabinet on December 6, 1960, in which it is stated, in part, that discussions (or "negotiations") with the U.S. Government concerning arrangements for the essential acquisition of nuclear weapons or warheads for use by the Canadian Forces, in the manners already decided, may proceed as soon as they can be usefully undertaken but the acceptance of joint controls to be a basic principle.

In keeping with the above decision, I recommend that action be taken in the latter part of January 1961 to initiate negotiations along the lines of the enclosed draft agreement, which incorporates the features, including joint control, agreed upon in December 1959 by the Panel on the Economic Aspects of Defence Questions.

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[79] Sur la copie de ce document dans les dossiers du Bureau du Conseil privé, R.B. Bryce a inscrit la phrase suivante :/ On the copy of this document contained in the Privy Council Office files, R.B. Bryce inserted the following sentence:

> The effects of such changes in the deterrent forces in or about Europe upon the general East-West relations and the possibilities for a general agreement on disarmament will have to be taken into account.

[80] Nous ne savons pas si Robertson et Miller ont préparé un document. Les questions soulevées par Bryce dans ce mémoire étaient inscrites dans le document préparé pour la réunion ministérielle de l'OTAN au chapitre 2, 7e partie.
It is not certain if Robertson and Miller prepared a paper. The issues raised by Bryce in this memorandum were addressed in the document prepared for the NATO Ministerial Meeting in Chapter 2, Part 7.

It is realized that an agreement of this nature covers only the general principles governing the provision of stockpiles of nuclear weapons for the Canadian Forces and thus in itself will not entail the actual stockpiling of the weapons. Completion of this agreement would, however, establish a basis for negotiation of further detailed arrangements for provision of weapons as considered advisable.

If you feel it would be useful I would be pleased to discuss this matter with you, possibly with senior officials in attendance as you may see fit.

Yours sincerely,

DOUGLAS S. HARKNESS

[PIÈCE JOINTE 1/ENCLOSURE 1]

Appendice A

Appendix A

SECRET

Ottawa, December 30, 1960

DRAFT OF PROPOSED AGREEMENT WITH THE UNITED STATES GOVERNING THE PROVISION OF STOCKPILES OF NUCLEAR WARHEADS FOR CANADIAN FORCES

Sir:

I have the honour to refer to Articles 20 and 21 of the communiqué issued by the North Atlantic Council on 19 December, 1957,[81] and to discussions which have taken place in the Canada-United States Ministerial Committee on Joint Defence and between the Canadian and United States Chiefs of Staff, regarding the general principles under which nuclear warheads will be provided to and accepted by the Government of Canada for Canadian forces in Canada and Europe. It is the understanding of the Canadian Government that agreement in principle has been reached in these discussions as to the terms on which stockpiles of nuclear warheads will be made available by the United States for Canadian forces in Canada and Europe.

Without prejudice to the requirement for separate agreements relating to the different types of weapons to be provided in various circumstances, and the storage facilities related thereto, the Canadian Government now proposes that the agreed general principles be formally recorded. My government's understanding of these principles is as set out in the Annex to this Note. If the United States Government concurs, I propose that this Note, together with its Annex, and your reply shall constitute an agreement effective from the date of your reply.

Accept, Sir, etc.

[81] Voir Conseil de l'Atlantique Nord, *Textes des communiqués finals, 1949-1974* (Bruxelles : Service de l'information OTAN, s.d.), pp. 113 à 122.

See North Atlantic Council, *Texts of Final Communiqués, 1949-1974* (Brussels: NATO Information Service, n.d.), pp. 108-120.

[PIÈCE JOINTE 2/ENCLOSURE 2]

Annexe

Annex

SECRET

GENERAL PRINCIPLES GOVERNING THE PROVISION OF STOCKPILES OF NUCLEAR WARHEADS FOR CANADIAN FORCES

A: D*efinitions*

1. In this Annex, unless the context otherwise requires:

"Canada" means the Government of Canada, and "United States" means the Government of the United States of America;

the term "warhead" includes "weapons" where the two cannot practically be considered as physically separate components;

"NATO" means the North Atlantic Treaty Organization; "Allied Government" means any Government, which is allied to Canada and the United States by its membership in NATO;

"Allied Commander" means the Commander of a NATO Allied Command.

B: *General*

2. Ownership of any stocks of nuclear warheads will remain with the United States. Except in cases when the sharing of storage facilities with other Allied Governments requires otherwise, arrangements for the storage of the warheads will be the joint responsibility of Canada and the United States, to be exercised as follows:

(a) United States personnel, to be provided in the minimum numbers required, will be responsible for the safeguarding and the maintenance of the warheads;

(b) Canada will be responsible for the external security of the storage sites.

3. The procedures under which the nuclear warheads will be released from the storage sites to meet logistic or operational requirements will vary depending on the types of weapons and the operational theatres in which they are to be employed. These procedures will be the subject of separate governmental agreements and will be based on the principle of joint responsibility.

4. Authorization of the use by Canadian Forces of the nuclear warheads covered by this agreement subsequent to their release from storage in accordance with paragraph 3, will be the responsibility of the Government of Canada.

5. The United States will be physically and financially responsible for the provision, maintenance, modification and assembly of the nuclear warheads, including the provision of technical equipment, and of personnel in the minimum numbers required, for these functions.

6. Safeguards in the design of the nuclear warheads will be the responsibility of the United States. The procedure for handling the nuclear warheads to afford the maximum protection of lives and property will be subject to the agreement of Canada. Safety procedures for maintenance, transport, loading, storage and salvage will be at least equivalent to United States standards.

C: *Provision of Stockpiles of Nuclear Warheads for Canadian Forces in Canada*

7. The United States will be responsible for the movement, in accordance with agreed procedures and in conformity with applicable Canadian laws and regulations, of the nuclear warheads to and from Canada.

8. Except as otherwise agreed, Canada will be responsible for and bear the cost of :

(a) provision of the land required for the storage sites and associated facilities;

(b) construction of the storage sites and associated facilities which, except for those specified in paragraph 8(c) below, will conform with standards and criteria prevailing in NATO, and also their operation and maintenance;

(c) construction, in accordance with normal Canadian standards, of the increments to Canadian administrative installations and facilities (housing, messing, offices, etc.) necessary to accommodate United States custodial and support personnel, as well as the operation and maintenance of these facilities;

(d) transportation of nuclear warheads within Canada, subject always to the provision of paragraph 2 above;

(e) external security for all nuclear warheads in storage or during movement within Canada, and elsewhere as may be agreed, the detailed arrangements to be made by the appropriate military authorities of the two Governments;

(f) a reliable means of signal communication, where necessary, to meet the purposes of this agreement as shall be agreed by the appropriate authorities of the two Governments.

9. Canada will be responsible for arranging for reasonable administrative and logistic support, including that for United States personnel required to implement this agreement. Details of the support for United States personnel will be a matter to be mutually agreed between the appropriate agencies of the two Governments. Each Government shall bear the cost of the pay and allowances of its own personnel.

10. The status of United States personnel in Canada in accordance with the terms of this agreement will be governed by the provisions of the NATO Status of Forces Agreement and any supplementary arrangements which may be agreed upon.

D: *Provision of Stockpiles of Nuclear Warheads for Canadian Forces in Europe*

11. The location of the stocks to be held in Europe will be determined by the appropriate Allied Commander in agreement with authorities of Canada, United States and the Allied Governments concerned.

12. United States forces will be responsible for the movement of the nuclear warheads into and from the Allied Command Europe Area. Responsibility for movement within this area will be as agreed between the appropriate Canadian, United States and Allied authorities.

13. Storage sites and associated facilities included in NATO infrastructure programmes and allocated for the use of Canadian forces will be subject to NATO infrastructure funding and procedures. Canada will be responsible, in accordance with the terms of Part C of this Annex, for arranging for the provision of facilities in Europe which it is mutually agreed are required for Canadian forces and United States personnel and which are not provided under common infrastructure.

14. Where Canada is the sole user of storage facilities in Europe, the responsibility for operation and maintenance of the facilities and administrative and logistic support for United States personnel will be in accordance with the provisions of Part C of this Annex, subject to agreement with Allied host governments where appropriate.

15. Where Canada is a joint user, with other members of NATO, of storage facilities in Europe, constructed as part of an infrastructure programme, the final determination of the division of responsibilities for the support and external security of the site or sites will be as agreed between the Governments concerned.

16. Canada will be responsible for and bear the cost of a reliable means of signal communication, where necessary, to meet the purposes of this Agreement as shall be agreed by the appropriate authorities of the two Governments.

E. *Supplementary Arrangements*

17. Supplementary arrangements between the appropriate authorities of the United States and Canada and between these authorities and Allied Commanders shall be negotiated as required for the purpose of implementing this agreement.

F. *Review and Termination*

18. The terms of this Agreement will be reviewed by the two Governments at the request of either Government and after such review may be terminated by either Government upon six months' notice.

SUBDIVISION III/SUB-SECTION III

AVIONS DE SURVOL
OVERFLIGHTS

278. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 91-60 [Ottawa], March 15, 1960
TOP SECRET

PROCEDURES GOVERNING OVERFLIGHTS OF CANADA
BY UNITED STATES AIRCRAFT CARRYING NUCLEAR WEAPONS

In April last year,[82] the State Department formally requested Canadian concurrence in certain revisions to the procedures governing the use of Canadian air space by aircraft of the Strategic Air Command carrying nuclear weapons. The United States sought three principal changes to Schedule "B" to Order-in-Council P.C. 2307 of April 17, 1952:

(a) The elimination of Category X flights. As flights in this Category would not be carrying nuclear weapons, they could be dealt with by the procedures set out in Schedule "A" of the same Order-in-Council.

(b) Clearances for Category Y flights would be requested in advance every six months at the Government level with individual flights and any modifications to the original programme cleared between the Chiefs of the Air Staff.

(c) Schedule "B" to apply to all United States military aircraft rather than merely to Strategic Air Command aircraft, except interceptors to which other procedures would apply.

2. The Cabinet Defence Committee considered these proposals on June 27.[83] It was agreed that Category X flights might be eliminated from Schedule "B". On the other hand, the Committee did not agree to the proposal for clearances being obtained at the Government level every six months, nor did it agree that Schedule "B" should apply to all United States military aircraft. It did, however, consent to Schedule "B" being altered so as to apply to Strategic Air Command bomber and transport aircraft and, in this way, exclude naval aircraft. Ministers did

[82] Voir/See Volume 26, document 192.
[83] Voir/See Volume 26, document 195.

not wish to appear to authorize overflights of naval aircraft prior to a satisfactory agreement being reached regarding storage of nuclear weapons at Argentia.

3. The Embassy in Washington, on instructions, left with the State Department an aide-mémoire conveying our agreement to the elimination of Category X flights, stating that we would prefer the arrangements to be confined to Strategic Air Command bombers and Strategic Air Command transport aircraft (the Embassy was asked to explain orally that the latter phrase would be interpreted as meaning USAF aircraft carrying nuclear weapons on behalf of SAC), and proposing the following language by way of indicating that Ministers would not be prepared to approve requests for training exercises extending over such a lengthy period of time as six months:

> "The programme of each series of exercises will be cleared at governmental level through diplomatic channels. Details of individual flights and any modifications and contingency requirements not included in the flight programme will be cleared in advance between the Chiefs of Air Staff. Each of these flights will require to be authorized by the Minister of National Defence in accordance with the regulations laid down in Order-in-Council P.C. 2307 of April 17, 1952."

The Embassy was asked to explain orally that the Government would be prepared to receive requests for periods up to three or four months.

4. We have now received the comments of the United States authorities on these counter proposals. While our suggestions are generally acceptable, they have raised three points:

(a) The phrase "Strategic Air Command bombers and Strategic Air Command transport aircraft" would create difficulties in that it would not permit overflights of aircraft engaging in routine deployment or re-supply operations by Materiel Command or by the United States Navy on behalf of forces in Europe other than Strategic Air Command or in connection with the NATO programme. Such air transport might also be required eventually to deliver warheads for storage in Canada, both for Canadian requirements and for United States requirements. The United States authorities, therefore, suggest the phrase "Strategic Air Command bomber and United States military transport aircraft."

Comment:

The phrase "military transport aircraft," requested by the State Department, would constitute a widening of the wording "Strategic Air Command transport aircraft" which was proposed by Canada. I think that such a change would constitute an undesirable widening of the terms of the established procedures and should not, therefore, be accepted. I propose that the State Department be informed that the Canadian Government does not accept the suggested amendment and that:

> (i) any nuclear flights over Canada, whether or not covered by the categories set out in the Schedule would, of course, require inter-governmental clearance;
>
> (ii) any nuclear flights not covered by the Schedule (e.g. overflights by military transport aircraft delivering nuclear warheads to United States forces, other than Strategic Air Command, in Europe or in connection with the NATO programme) would have to be submitted as special cases for consideration by the Canadian Government as in the past.

(b) The language quoted in paragraph 3 above, which refers to "each series of exercises," does not take account of the fact that some flights in this Category are not, strictly speaking, exercises but for re-supply and stockpiling. The State Department, therefore, suggests using the phrase "each series of overflights" rather than "each series of exercises."

Comment:

This language would appear to be required to bring this Category into line with current procedures and practices.

(c) The State Department assumes that clearances for Category Y overflights not falling within a particular programme would continue to be sought at the governmental level, but does not suggest any language to make this clear.

Comment:

It is suggested that this point could be met by adding to the phrase "each series of overflights" in (b) above the words "and individual overflights not part of a series previously approved."

Recommendation:

5. I recommend:

(a) that the amendment to Schedule "B" proposed by the State Department as described in paragraph 4(a) above not be accepted and that the Canadian Embassy in Washington be authorized to inform the State Department that:

(i) any nuclear flights over Canada, whether or not covered by the categories set out in the Schedule would, of course, require inter-governmental clearance;

(ii) any nuclear flights not covered by the Schedule (e.g. overflights by military transport aircraft delivering nuclear warheads to United States forces, other than Strategic Air Command, in Europe or in connection with the NATO programme) would have to be submitted as special cases for consideration by the Canadian Government as in the past.

(b) that the amendments described in sub-paragraphs (b) and (c) of paragraph 4 above be approved.

6. Attached as Appendix "A" is Schedule "B" incorporating the changes approved by Cabinet Defence Committee on June 27, 1959 and indicating the further changes recommended in this memorandum.[84]

HOWARD GREEN

[PIÈCE JOINTE/ENCLOSURE]

Appendice A

Appendix A

SCHEDULE "B"

As approved by Cabinet Defence Committee on June 27, 1959, and incorporating changes recommended in the Memorandum to Cabinet to which this Appendix is attached.

(New wording is shown by underlining.)

Methods of clearing flights of Strategic Air Command bombers and Strategic Air Command transport aircraft over Canadian territory where the movement of nuclear weapons is involved.

[84] Approuvé par le Cabinet le 29 mars 1960./Approved by Cabinet on March 29, 1960.

Note:
All SAC bombers and SAC transport aircraft carrying nuclear weapons are to comply with the restrictions on routing, heights, and numbers laid down in Schedule "A", Part I, Section 1. Nothing in this Schedule relates to overflights by interceptors armed with nuclear rockets, which are covered by other arrangements.

CODE LETTER	TYPE OF FLIGHT	CHANNEL OF COMMUNICATION AND CLEARING AUTHORITY
Y	Flights carrying nuclear weapons or nuclear components thereof which are undertaken as part of routine deployments, stockpiling, increasing readiness posture or emergency dispersal of nuclear weapons, using bases in Canada and/or overflying Canadian Territory. This category includes bomber or transport aircraft carrying nuclear weapons.	The programme of each series of (exercises) overflights, and individual overflights not part of a series previously approved, will be cleared at governmental level through diplomatic channels. Details of individual flights and any modifications and contingency requirements not included in the flight programme will be cleared in advance between the Chiefs of Air Staff. Each of these flights will require to be authorized the Minister of National Defence in accordance with the regulations laid down in Order-in-Council P.C. 2307 of April 17, 1952.
Z	Flights carrying nuclear weapons or nuclear components thereof and engaged on strikes or deployments for strikes using bases in Canada or overflying Canadian Territory. This category covers the case where an immediate strike is contemplated.	Government-Government (State Department-External Affairs). At the earliest possible indicating of such a requirement, a request will be submitted through previously arranged channels to allow expeditious action by Canada.

279. DEA/50195-40 FP1

Le sous-secrétaire d'État aux Affaires extérieures à l'ambassade aux États-Unis

Under-Secretary of State for External Affairs to Embassy in United States

LETTER NO. DL-286 Ottawa, March 31, 1960

TOP SECRET. NO DISTRIBUTION.

Reference: Your telegram 3133 of Dec. 22, 1959.[85]

SAC OVERFLIGHTS

In your telegram under reference you informed us of the comments made to you by the State Department on our Aide Mémoire of July 10, 1959 concerning the United States proposals for revising Schedule "B" of P.C. 2307 of April 17, 1952. These comments have now been considered by Ministers and attached for your information is a copy of the memorandum on March 15, which the Cabinet approved. Thus, Ministers were unable to accept the suggestion that Schedule "B" apply to "United States military transport aircraft" rather than to

[85] Voir/See Volume 26, document 198.

"Strategic Air Command transport aircraft" in addition to Strategic Air Command bombers.[86] On the other hand, the suggestion that the phrase "each series of overflights" was accepted. Ministers also agreed that specific provision should be made for clearances of "Y" flights[87] not falling into any particular series previously approved.

2. Would you therefore please leave with the State Department an Aide Mémoire, classified Top Secret, along the following lines:

Reference is made to the Embassy's Aide Mémoire of July 10, 1959 containing the comments of the Canadian Government on certain revisions proposed by the United States authorities to the existing procedures for clearing flights of Strategic Air Command aircraft over Canadian territory where the movement of atomic weapons is involved. These procedures are set out in Schedule "B" to Order-in-Council P.C. 2307 of April 17, 1952.

The comments made by the United States authorities on this Aide Mémoire have been carefully considered by the Canadian Government and the Embassy has been instructed to inform the Department of State that the Canadian Government is agreeable that the phrase "each series of exercises" in the paragraph dealing with the channel of communication for Category "Y" flights should be altered to read "each series of overflights." The Canadian Government also believes that to remove any possible ambiguity it would be useful to specify that Government-to-Government clearance will be sought for individual overflights not part of a series previously approved.

To its regret the Canadian Government can not see its way clear to altering the phrase "Strategic Air Command transport aircraft" previously suggested for the title and the explanatory note under it of Schedule "B". In this connection, the Embassy has been asked to point out that the Canadian Government would expect that any nuclear flights over Canada, whether or not covered by the categories set out in Schedule "B", would be submitted to it for clearance through the diplomatic channel and that any nuclear flights not covered by Schedule "B" (e.g. overflights by military transport aircraft delivering nuclear warheads to United States Forces, other than the Strategic Air Command, in Europe, or in connection with the NATO programme) would also be submitted to it through the diplomatic channel as special cases for its consideration as in the past.[88] The foregoing should not be interpreted as a modification of the Exchange of Notes on June 30, 1959[89] regarding the carriage of nuclear air-to-air defence weapons over Canada.[90]

Attached is a copy of Schedule "B" incorporating the changes agreed to earlier by the Canadian Government and those signified in this Aide Mémoire. If this schedule so revised is agreeable to the United States authorities, the Canadian Government would consider it to be revised accordingly.

3. On taking up this matter with the State Department, you should perhaps recall orally certain points made previously with regard to SAC overflights and the revision of Schedule "B". We have in mind the interpretation Ministers are prepared to place on the phrase

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[86] Note marginale :/Marginal note:
? [auteur inconnu/author unknown]

[87] Note marginale :/Marginal note:
logistic [auteur inconnu/author unknown]

[88] Note marginale :/Marginal note:
This leaves the door ajar on flight by other than SAC bombers and SAC transport a/c e.g. by "US military air transport a/c" [auteur inconnu/author unknown]

[89] Voir/See Volume 26, document 196.

[90] Note marginale :/Marginal note:
MB 1 agreement [auteur inconnu/author unknown]

"Strategic Air Command transport aircraft" (USAF aircraft carrying nuclear weapons on behalf of SAC), that Ministers would prefer not to be asked to give their approval for training flights covering periods in excess of three or four months, that no publicity should be given to the overflight of aircraft carrying nuclear weapons and that the Government reserves the right to withdraw its approval of any programme of overflights of Canada should circumstances arise which in its opinion might justify their suspension. You might also say that the request conveyed in your telegram No. 565 of March 4† would be one of the type which Ministers would be prepared to consider as a special case.

N.A. ROBERTSON

280. DEA/50195-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 951 Washington, April 12, 1960

TOP SECRET. PRIORITY.

Reference: Your Let DL-286 Mar 31.
Repeat CCOS Ott Secretary to Cabinet Ottawa from Ottawa (Information).

SAC OVERFLIGHTS

Yesterday (April 11) we passed to Willoughby (Director, Office of British Commonwealth and Northern European Affairs) an aide mémoire in the terms set out in your reference letter. (Rutter, Office of the Special Assistant to the Secretary on Atomic Energy, and Burgess, Canadian Desk, were also present.)

2. Willoughby's main concern was with the provision of the aide mémoire that "any flights not repeat not covered by Schedule "B" (e.g. overflights by military transport aircraft delivering nuclear warheads to USA forces, other than SAC, in Europe, or in connection with the NATO programme) would also be submitted to (the Canadian Government) through the diplomatic channel as special cases for its consideration as in the past." He wondered, for instance, whether the request for an eleven day programme of logistic flights which we had approved early in March and which you authorized us to say was one of the type which Canadian Ministers would be prepared to consider as a "special case," indicated that Canadian government would be prepared to consider requests for approval of programmes for logistic flights on a three-to-four-month basis. Rutter thought that if this were so the Canadian proposal would meet USA needs. He emphasized that one of the chief concerns of USA was to facilitate programming of logistic flights to and from Europe which were not repeat not necessarily on behalf of SAC itself. (He pointed out that many logistic flights might be on behalf of both SAC and other requirements like NATO stockpiling.) It was for this reason that the State Department had requested that we agree to Schedule "B" covering "USA military transport aircraft." By way of illustrating the magnitude of the problem, Rutter said that during May and June there would be thirty logistic flights each month. We should be grateful for clarification on this point.

3. A further point of clarification not repeat not raised at the meeting but which might well arise, is the following. Would Ministers be prepared to consider as special cases requests for logistic overflights involving USN aircraft? You will recall it was our understanding that the

request of March 4 which we are prepared to treat as a "special case" involved "military air transport aircraft under USAF control."

4. Willoughby also raised the question of procedure which we envisaged would be followed in implementing any understanding. He recalled that when Schedule "B" had first been promulgated in 1952 the Canadian Government had communicated its text to USA government under cover of a letter. He assumed we would do the same again, including in our letter the points made in paragraph 3 of your reference letter. Our own records unfortunately do not repeat not indicate what procedure was followed in 1952.

5. One further point touched upon was the understanding that present category "X" flights would be incorporated in Schedule "A". For our information would this be by way of amendment to Schedule "A" or could category "X" flights be considered to fall under existing categories under Schedule "A"?

[A.D.P.] HEENEY

281. DEA/50195-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM DL-442 Ottawa, April 25, 1960

TOP SECRET. OPIMMEDIATE.

Reference: Your Telegram 951 Apr 12.
Repeat CCOS (Information).

SAC OVERFLIGHTS

Following are comments on points raised in your reference telegram:

Your Paragraph 2: For your own information the underlying reason for the decision taken by Cabinet is the desire of Ministers to avoid any codification of procedures for authorization of nuclear overflights other than SAC on the grounds that this might imply that such requests will be approved as a matter of routine. This being the case, we suggest that you tell the State Department that the only advice you can give them is to continue to follow the procedure which they have followed in the past with respect to operations not covered by Schedule "B". Such requests so far as we know have never been submitted on a quarterly basis before and in our judgment it would be neither desirable nor necessary to institute such a practice at this time.

Your Paragraph 3: We do not think it would be useful to put question of overflights by USN aircraft in hypothetical form to Ministers. If or when a specific request is made, a decision can be taken in the light the circumstances prevailing at the time.

Your Paragraph 4: We have sent you by letter the text of the 1952 communication from the Embassy to the State Department. We will send you instructions on the procedure to be followed in the present case after your current exchange of views with the State Department is completed and the Minister of National Defence has taken action to promulgate the regulations set out in the new Schedule "B".

Your Paragraph 5: It is our view that category X flights can be considered to come within the existing categories under Schedule "A" and that consequently no amendment to Schedule "A" is required for this purpose.

282. DEA/50195-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

TOP SECRET [Ottawa], October 12, 1960

SAC OVERFLIGHTS

In my memorandum to you of October 3† on the above subject I sought your approval of the continuation of the present authority for SAC aircraft with nuclear weapons on board to carry out over Canada part of an airborne alert training programme designed to develop an emergency air alert capability. The receipt of my memorandum coincided with the receipt of a copy of a letter† which the Minister of Transport had addressed to the Minister of National Defence wherein Mr. Hees expressed his concern about the difficulties which SAC overflights were causing, particularly with regard to air safety.

Mr. Campbell informed me that in your view Mr. Hees' letter introduced a new element into the picture and that you wished a memorandum prepared for the Prime Minister suggesting that the safety aspects must first be explored before a further extension of the existing authority could be considered. In this connection you will have received a letter from Mr. Hees, dated October 7,† stating that "it was not my intention to insist on immediate action that would cause disruption now of any essential military operations, but rather to indicate that the problem as a whole required prompt attention." Mr. Hees' letter goes on to say that he is "prepared to agree to the airborne alert exercise continuing for another three months. . . on the express understanding that every effort will be made during this period to resolve the most undesirable situation which now prevails." I have received the attached letter† from the Chairman, Chiefs of Staff, enclosing his reply to Mr. Hees' letter, and I understand that the United States Ambassador has called on Mr. Fleming, in his capacity as Acting Prime Minister in your absence, to emphasize the importance which the United States attach to this training programme being carried out without interruption. In the meantime discussions have already begun between the RCAF and the United States Air Force with a view to meeting the problem raised by the Minister of Transport; it will not, however, be possible to resolve all outstanding aspects of the problem raised by the Minister of Transport before the current authority expires, October 14.

You also asked for answers to three questions regarding SAC overflights, the answers to which we have sought from the Department of National Defence as we were not in a position to answer them fully. The first question concerns the length of time the present renewable arrangement has been in effect. The answer given us is as follows:

> "The overflight of Canadian territory by United States service aircraft carrying nuclear weapons has been taking place since 1952 under authority of PC 2307 and since that time all flights have been cleared in accordance with Schedule "B", "X", "Y" and "Z" flights of the PJBD Agreement. Each exercise or individual flight was cleared on a Government to Government basis and this system was considered administratively feasible in view of the small number of flights taking place. This procedure prevailed until the end of August 1958 when the United States proposed the carrying out of flights by the Strategic Air Command aircraft on a daily basis from 15 September 1958 to 15 December 1958. These flights were scheduled at four per day, one aircraft taking off at each six-hour interval, the purpose being to test the feasibility and practicability of an airborne alert. Under such conditions, it was obvious that clearance on an individual flight basis was administratively difficult and

authority was sought to approve this programme over the entire three-month period. The Canadian Government granted this authorization on 11 September 1958 on the basis that clearance would be sought daily for the flights on a Service-to-Service basis, the RCAF on the Canadian side being responsible for obtaining Ministerial clearance. Under this procedure, SAC submitted their flight details thirty days in advance to the RCAF, who then obtained Ministerial clearance.

"In view of the success of this training programme, a request was made by the United States in February 1959 to continue these flights during 1959 and 1960, the purpose being indoctrination and training of SAC crews as well as the testing of a new operational concept for an airborne alert. The requirement for this programme was recognized by the Canadian Government and authority was granted on 6 March 1959 for the period March to June 1959. Since that time the programme for this training has been submitted and approved for the periods 1 July 1959 to 31 October 1959; 1 November 1959 to 31 December 1959; 1 January 1960 to 14 April 1960; 15 April 1960 to 30 June 1960 and 1 July 1960 to 14 October 1960."

Secondly you asked to what extent is the USAF taking advantage of the permission to overfly Canadian territory. The answer provided by the Department of National Defence is as follows:

"All requests and authorities described above deal only with "Y" type flights and hence all the SAC bombers have been armed with nuclear weapons. SAC has endeavoured to make a maximum utilization of the authority being given and despite weather, unservice abilities, both on the ground and in the air, they have been able to carry out approximately 95% of the flights authorized." (Since June 1959, permission has been sought for up to 12 flights daily.)

Thirdly, you asked to what extent can overflights be considered "training exercises as distinct from an operational feature of a continental airborne alert?" The following answer has been provided us:

"These flights are a training programme carried out by SAC units to produce a capability of keeping a fully armed and fully manned aircraft in the air on a continual basis carrying out operational procedures. They are designed and used primarily for the indoctrination and training of SAC aircrews in the airborne alert concept. They do contain an operational benefit in view of the fact that they are fully armed; however the operational potential is limited because of the small number of aircraft involved."

Under the circumstances I would recommend that the State Department be informed that the Canadian Government would be prepared to approve extension of the present authority on the clear understanding, however, that this authority will not be renewed after December 31, 1960, unless a mutually agreeable solution has been found to the problem raised by Mr. Hees' first letter. This point could, if you wish, be made a further condition to those we always attach to these overflights (no publicity, individual flights approved by the Minister of National Defence, and the right of the Canadian Government to withdraw its authorization at any time should circumstances arise which in its view would make this action desirable).

If you agree with the foregoing, I shall have drafted for you an appropriate telegram to the Embassy in Washington.

N.A. R[OBERTSON]

283. DEA/50195-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM DL-1051 Ottawa, October 13, 1960

TOP SECRET. OPIMMEDIATE. NO DISTRIBUTION.

Reference: Your Tel 2467 of September 30.†
Repeat CCOS (Information).

SAC OVERFLIGHTS

Ministers concerned have considered the United States request as outlined in the State Department's note to you of September 30 and have agreed to a thirty day extension of the authority which expires tomorrow subject to the usual conditions and with the addition of a further condition to apply to this thirty day period. This additional condition will be found in the final paragraph of the following note which you should present to the State Department.

2. Your note should be in the following terms. Text Begins:

The Ambassador of Canada presents his compliments to the Secretary of State and has the honour to refer to the Secretary's note of September 30 seeking the approval in principle of the Canadian government for a series of overflights of Canadian territory by Strategic Air Command aircraft carrying atomic weapons from October 15 through December 31, 1960. The Ambassador understands that these overflights will be undertaken as part of an airborne alert training programme for the purpose of developing an emergency airborne alert capability. That programme has been the subject of earlier exchanges between our two governments including the Secretary's note of May 18 and the Ambassador's note of June 3, 1960.

The Canadian Government is prepared to give its approval in principle to these overflights for the period October 15 through November 15, 1960. It is assumed that in carrying out this programme of overflights the United States Government will take account of the views of the Canadian Government set out in previous correspondence on this subject.

It is understood that clearance for individual flights will be arranged as heretofore on a service-to-service basis. While no obstacles can be seen at the moment to the provision of the required Canadian clearances during the period in question, it will be recognized that circumstances might arise which would necessitate further consideration by the Canadian Government of the desirability of particular overflights and which could justify the suspension of the overflights over Canadian territory. The Canadian Government wishes to reemphasize the views expressed in previous notes dealing with this subject that in order to prevent the danger of a misunderstanding arising in the minds of the press or the public as to the purpose of the flights, no publicity should be given to these overflights.

The United States authorities will be aware that difficulties have arisen with respect to the application of Canadian air safety regulations to overflights of Canada by aircraft of the Strategic Air Command. It is understood that officers of the United States Air Force and the Royal Canadian Air Force are currently discussing means by which these difficulties can be resolved. For its part, the Canadian Government is hopeful that a mutually agreeable solution can be reached as it appreciates the importance which the United States authorities attach to the development of an emergency airborne alert capability for the Strategic Air Command. The Ambassador has been instructed to point out, however, that his government will not be able to renew the present authority for a further period should no solution be reached by November

15. He therefore hopes that the United States authorities will do all they can to ensure that a mutually acceptable solution will be found during the time period of the present authority.[91] Text Ends.

3. Please send us a copy of your note for our records.

284. DEA/50195-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2597 Washington, October 14, 1960

TOP SECRET. OPIMMEDIATE. NO DISTRIBUTION.
Reference: Your Tel DL-1051 Oct 13.
Repeat CCOS Ottawa from Ottawa (Information).

SAC OVERFLIGHTS

On handing the note on the above to Burgess (Canadian Desk) he expressed deep appreciation for the speed with which the Canadian Government had met USA Government's request and said that every effort would be made to reach a mutually agreeable solution as expressed in the last paragraph of our note.

2. As we have already mentioned on the phone the last two sentences of the note have been revised to read as follows: "The Ambassador has been instructed to point out, however, that any renewal of the present authority for a further period after November 15 will have to be dependent upon a solution of these difficulties. It is therefore hoped that USA authorities will do all they can to ensure that a mutually acceptable solution will be found during the time period of the present authority."

[A.D.P.] HEENEY

285. DEA/50195-40

Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs

TOP SECRET [Ottawa], October 27, 1960

SAC OVERFLIGHTS

You will recall that you authorized the Ambassador in Washington to inform the State Department that you had agreed to a thirty-day extension of the authority which expired on October 14 for SAC aircraft to carry nuclear weapons over Canada. This extension was granted on the understanding that in the meantime a solution would be found to the air safety

[91] Cela fait référence aux deux phrases finales de la note. Voir le document suivant pour le texte révisé. This refers to the final two sentences of the note. See the next document for the revised text.

problems associated with these and other SAC overflights which had been raised by the Minister of Transport.

Attached is a letter to you from the Minister of National Defence† informing you that as a result of a series of meetings between officers of the United States Air Force, the Department of National Defence and the Department of Transport (in which officers of this Department also took part) a solution satisfactory to all concerned has been reached. Attached to Mr. Harkness's letter is a copy of his letter to Mr. Balcer which records the nature of the solution. Mr. Harkness's letter concludes with the recommendation that the authority for SAC overflights to continue until December 31, i.e., the balance of the period requested, be granted as soon as possible. We have learned informally from the Department of Transport that you may expect to receive from Mr. Balcer a letter confirming his agreement to the solution reached.

The nature of the solution reached is essentially technical. Briefly put, however, henceforward SAC aircraft, instead of maintaining their cell formation (not more than three aircraft staggered at 500 foot intervals of altitude, one mile apart) when crossing a designated high level airway (above 23,000 feet), will abandon the cell formation while in the designated high level airway so that all aircraft in the cell will be at the same altitude; the cell formation may be resumed when leaving the designated airway. Above 23,000 feet, cruising flight levels for all aircraft are 2,000 feet apart, the exact altitude depending on whether the aircraft are flying along designated airways or outside such airways, and their course.

On the assumption that you would agree with Mr. Harkness's recommendation, I attach a possible telegram to Washington.†

Also attached, for convenience of reference, is my earlier memorandum to you on this subject, dated October 12,[92] which contains answers to certain questions which you had raised regarding these overflights.

N.A. R[OBERTSON]

286. DEA/50195-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM DL-1195 Ottawa, November 5, 1960

TOP SECRET. OPIMMEDIATE.

Reference: Your Tel 2726 Oct 31.†
Repeat CCOS (Information).

SAC OVERFLIGHTS

You may now inform the State Department that as a result of discussions between the USAF and the Canadian authorities concerned the air safety problems to which SAC overflights were giving rise have been resolved and that as a consequence the Canadian

[92] Voir/See document 282.

Note marginale :/Marginal note:
SSEA decided to withhold approval of telegram to Wash[ington] until he had received a letter from the Minister of Transport concurring in DND's recommendation. [Ross Campbell] 30/10

Government is prepared to extend the present authority from November 15 to December 31, 1960, as requested in the State Department's note October 31. The authority for this further period would, of course, be subject to the usual conditions, i.e. that the Canadian Government reserves the right to withdraw its authorization should circumstances arise which might necessitate such action, that no repeat no publicity should be given these overflights and that clearance for individual flights will be arranged on a service to service basis with approval being given on the Canadian side by the Minister of National Defence.

2. The State Department's note October 31 states that the discussions between the USAF and the Canadian authorities concerned[93] "are reported to have brought out that the aircraft participating in the programme of overflights for which approval of the Canadian Government was requested through December 31/60 will not repeat not, by the nature of their flight arrangements, violate Canadian air safety regulations." In your reply you should make it clear that this is not repeat not wholly the case as a problem arose whenever aircraft of the Strategic Air Command armed with nuclear weapons flew in cell formation, that this problem has now been resolved by the new procedure agreed upon and an amendment to the relevant regulation in Canadian air publication No. 100 regarding formation flying in uncontrolled air space at high attitudes will shortly be issued.

[HOWARD] GREEN

SECTION B

EXERCICE « SKY SHIELD »
EXERCISE SKY SHIELD

287. DEA/50309-D-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], April 21, 1960

EXERCISE SKY SHIELD

You will recall that at Camp David last November, certain understandings were reached regarding re-scheduling Exercise SKY HAWK.[94] The terms of this understanding were subsequently embodied in a memorandum which was approved by you and the Prime Minister prior to its formal conveyance to the State Department.[95] This memorandum read as follows:

"The Canadian Chiefs of Staff Committee and the United States Joint Chiefs of Staff may authorize CINC NORAD to commence preliminary planning for the next exercise forthwith.

"When the broad framework of the exercise has been completed, the Chiefs of Staff of both countries will be briefed on the general outline of the exercise and they in turn will take

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93 Note marginale :/Marginal note:
Oral [auteur inconnu/author unknown]

94 Voir/See Volume 26, document 229.

95 Voir le télégramme externe DL-1030 du 24 novembre 1959,† MAE 50309-D-40.
See External Telegram DL-1030, November 24, 1959,† DEA 50309-D-40.

appropriate action to inform their respective Governments on the nature of the proposed exercise.

"Early in the new year, i.e. April or May, the two Governments will again review the situation and each will then decide whether the exercise is to go forward and will in that event consider the nature of any public announcement to be made.

"If it is decided to proceed, further consultation will take place, presumably some time in July or August, to set a precise date; it being understood that the exercise would take place within the period agreed unless there was a very serious situation which in the view of either Government warranted the cancellation or postponement of the exercise. Such a decision to postpone or cancel could be taken at any time, but would, of course, only be taken at the highest level."[96]

In accordance with this understanding CINC NORAD has already undertaken a considerable amount of preliminary planning for the new, large-scale exercise now to be called SKY SHIELD. Furthermore, this planning has reached the stage at which the Chiefs of Staff Committee of both countries have been briefed on the broad framework of the Exercise. The Canadian Chiefs of Staff were briefed yesterday (as were the Joint Chiefs in Washington) and I was present. (As I believe you are aware, it is intended that the Cabinet Defence Committee will be briefed either on Monday afternoon or Tuesday morning next by the Chief of the Air Staff.) It occurred to me, however, that you might also wish to attend a special briefing which will be given to the Minister of Transport and the Minister of National Defence as the Ministers of the two operational Departments which will be held in Mr. Pearke's office at 9.30 a.m. on Monday morning. In the meantime General Foulkes has given me the attached copy† of an Aide Mémoire on Exercise SKY SHIELD which Mr. Pearkes has given to the Prime Minister. This outlines the general scope of the Exercise. The following additional information may serve to supplement that contained in the Aide Mémoire.

General Scope

Like SKY HAWK, SKY SHIELD is intended as an exercise of the entire NORAD system and to test NORAD's capability to afford "safe passage" to SAC aircraft while the air defences of North America are under attack. It is planned to take place in September but no firm date has yet been proposed. It will be held between midnight and 7.00 a.m. Eastern Standard Time. In the interests of safety, because virtually unlimited use will be made of electronic counter measures, all civil air traffic — both high level and low level — would be grounded for the period of the Exercise.

Pattern

"Aggressor forces" represented by SAC aircraft will enter the air defence system from the north, south, east and west. Some 284 SAC aircraft will be involved, of which 254 B-47s and B-52s will attempt to penetrate the system. The remaining 30 will act as "safe passage" aircraft. 32 bombers will penetrate the DEW Line, travelling for this purpose only slightly further north than Resolute. 92 bombers will penetrate both coasts of Canada and travel along the Mid-Canada Line. 59 bombers will penetrate the eastern seaboard of the United States, 50 the west coast of the United States, 6 the Gulf coast and 16 Alaska. Two bombers from Thule will penetrate the radar defences in the Foxe Basin area. None of the bombers penetrating the DEW Line or the Alaskan defences will come within range of Soviet radar and the routes they

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[96] Note marginale :/Marginal note:
Allow planning to go on but no approval in principle as yet or no announcement -- eventually — June 15
No indication of final approval [Howard Green]

will follow to their assembly points will be the same as those used in regular SAC exercises. It is anticipated that some 3,000 NORAD air defence aircraft will be involved, of which 150 will be either from those based in Canada or flown into Canada during the course of the Exercise.

Communications

The use of ECM will necessitate the closing down of most regular channels of communication, either for radar, microwave systems or air traffic radio. There will, however, be no interference to normal radio or television frequencies. Both for safety and for emergency use, two UHF channels will remain open as well as one VHF channel. The maritime bands will not be affected.

Interference with Civil Aircraft

The exact number of civil aircraft which will have to be grounded cannot be determined. The United States authorities calculate that approximately 440 scheduled civil flights in the United States and a large, undetermined number of non-scheduled flights (private aircraft, executive aircraft and non-scheduled cargo and passenger flights) will be affected. The Department of Transport estimate that 51 Canadian scheduled domestic flights, 13 foreign scheduled flights (foreign carriers operating into or out of Canadian airports) and some 30 civil itinerant aircraft will be affected. It has been suggested that should final approval be given the Exercise, the civil carriers would be informed of the need to ground their aircraft prior to the public announcement which would be made well in advance of the Exercise. In this way they would have perhaps some three months' notice either to re-schedule their flights for the day of the Exercise or cancel them altogether. As it is recognized that the Exercise, if it should go forward, would cause inconvenience to the civil air carriers, NORAD do not plan to re-schedule it for any date other than the date selected. Thus, should the weather of the day not be suitable, the Exercise will be cancelled and not merely postponed. In order to minimize inconvenience, the civil air carriers will be consulted as to the time and date which would be easiest for them.

Public Announcement

A first draft of the proposed public announcement has been reviewed by officials and will be presented to Ministers for their consideration. A copy of this draft as it stands is attached.† When the final text has been approved by Ministers, it will be communicated to the United States Department of Defense through military channels; I assume, however, that in addition you would wish the Embassy in Washington to convey it to the State Department.

N.A. R[OBERTSON]

288. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], April 26,1960

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Transport (Mr. Hees),
The Solicitor General and Acting Secretary of State (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of National Revenue (Mr. Nowlan),

The Minister of Agriculture (Mr. Harkness),
The Minister of Labour (Mr. Starr),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley).
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Dr. Hodgson).

. . .

EXERCISE "SKY SHIELD;" PRELIMINARY CONSIDERATION[97]
(Previous reference April 20)

16. *The Minister of National Defence* said that the purpose of the proposed exercise was to test the efficiency of the North American warning systems. On the previous day the Secretary of State for External Affairs, the Minister of Transport and himself had been fully briefed on the details. Although not as large as the exercise proposed last year, it was on a relatively large scale, and some 250 U.S. planes would participate. Commercial airlines would be interrupted for a period of 6 to 7 hours on a date between September 1st and 15th, depending on which date involved the least interference with commercial lines. The attacking force would proceed from S.A.C. bomber bases, and would at no time be outside the North American radar-controlled area.

No publicity would be given to the proposed exercise until about June 15th, and the commercial airlines would be consulted at about that date.

19. *During the discussion* the following points were raised:

(a) The U.S. officers had proposed to announce the exercise within a few weeks, but the three Canadian Ministers had indicated that no announcement should be made until mid-June. The U.S. had prepared a draft release for use in the event of a leak, and the Ministers had revised it to make the exercise look as routine in nature as possible.

(b) The airline operators needed two months warning of the proposed interruption of their schedules. A detailed statement should, however, be made in the House of Commons before the airlines were consulted on the proposed exercise.

(c) In actual fact, the exercise was purely defensive. The motives of the U.S. authorities in proposing an early announcement were not clear. Certainly any announcement prior to the Summit meeting would increase international tension and make agreement at the Summit more difficult to achieve. Lord Montgomery, in reply to a question of the Prime Minister, had expressed the opinion that the people of the Western countries would understand the purpose of an air defence exercise if fully explained, but that the Russians would be "apprehensive" about it.[98] Possibly Montgomery had interpreted the question as relating to an exercise over

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[97] Le document précédent a été examiné par le Cabinet durant cette discussion. Voir Campbell à DL(1), 26 avril 1960,† MAE 50309-D-40.

The previous document was considered by Cabinet during this discussion. See Campbell to DL(1), April 26, 1960,† DEA 50309-D-40.

[98] Lord Montgomery — anciennement Field Marshal Bernard Montgomery — s'est rendu au Canada du 20 au 26 avril 1960; il a rencontré le premier ministre Diefenbaker et George Pearkes à Ottawa le 25 avril.

Lord Montgomery — formerly Field Marshal Bernard Montgomery — visited Canada from April 20-26, 1960; he had met Prime Minister Diefenbaker and George Pearkes in Ottawa on April 25.

Europe, but as Canada stood directly between the U.S. and the U.S.S.R. his response was no less applicable in this case.

(d) An announcement after the Summit conference might also involve hazards. If tension had been eased by the meeting, the announcement of a major air exercise might appear to be a deliberate effort to upset relations. If on the other hand tensions had increased, the announcement might be interpreted as a sign that the Western countries were preparing for war.

(e) The U.S. military authorities appeared to be unconcerned about the possible implications of such exercises to all peoples of the world. Canada as a sovereign nation insisted upon its right to make its own decisions in such matters. A few weeks previously, when the U.S. announcement on its Bomarc programme had been read in the House of Commons,[99] the Canadian public had reacted unfavourably because of the possible implication that Canada had been subordinate to the U.S. in this decision.

(f) Some said that the defence system needed to be tested, and that the North American countries should not let down their guard. Others said that the exercise appeared to be in conflict with the efforts Canada was making to promote disarmament. In any case the timing appeared to conflict unnecessarily with the efforts to achieve a détente.

(g) Some expressed the view that the exercise should not be held. Mikoyan had gone out of his way, during Mr. Gordon Churchill's recent visit to Moscow,[100] to praise Canada for its role during World War II in protecting the Murmansk route, in providing supplies and subsequently in helping to terminate lend-lease demands. Lord Montgomery had expressed the opinion that the Russians did not want war, and that they were concerned that the ring of bases surrounding the U.S.S.R. might imply an intention on the part of the Western nations to attack them. President de Gaulle had also indicated the belief that Khrushchev was "very fearful" of the possibility of war and wished to avoid it in any circumstances and to concentrate upon the raising of living standards in the U.S.S.R.[101]

(h) The Canadian people wished to have some assurance that the substantial expenditures for defence were really producing effective results. Perhaps in reply to a question in the Defence Expenditures Committee or in the House of Commons on whether the government knew that the radar system was efficient, the Minister of National Defence might state that this could not be determined without a test, and that any such test would inevitably involve some interference with civil air schedules. Such a casual statement might reassure Canadians without causing concern elsewhere. Because of its general nature it would not involve any leak of the particulars of the exercise now under consideration.

(i) The understanding reached at Camp David in the autumn of 1959 by Ministers of the two countries was that the decision on the exercise would be taken in April or May, including a public announcement; and that further consultations would be held in July or August on the exact date of the exercise. It had been further agreed that either party would be able at any time to cancel or postpone the exercise. In the changed circumstances, however, an announcement at this time would be unwise. Furthermore, the revocation of approval if given by Canada would be invidious, particularly if an announcement had previously been made. There would be advantage in withholding final approval at this time, but permitting the planning to continue as proposed.

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[99] Voir Canada, Chambre des Communes, *Débats*, 1960, volume III, 25 mars 1960, pp. 2608 à 2609.
See Canada, House of Commons, *Debates*, 1960, Volume III, March 25, 1960, p. 2489.

[100] Voir/See document 504.

[101] Voir les documents 495 et 497./See documents 495 and 497.

20. The Cabinet

(a) noted the scope and nature of the proposed air defence exercise "Sky Shield;"

(b) agreed that the planning and other preparatory work on it should be continued;

(c) decided that governmental approval of the holding of the exercise need not and should not be given at this time;

(d) decided that no announcement of the plan to hold the exercise should be made at this time and that the air line operators should not be consulted before the first announcement;

(e) agreed that the subject should be considered again in June; and,

(f) agreed that the Minister of National Defence should consider the possibility of discussing in general terms in the House of Commons Committee on Defence Expenditures the need to exercise the air defence system, without disclosing the intention to hold this "Sky Shield" exercise.

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289. DEA/50309-D-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM G-43 Ottawa, April 28, 1960

SECRET. OPIMMEDIATE.

Repeat CCOS Ottawa (Information).

EXERCISE "SKY SHIELD"

Ministers have now approved the following communication to the State Department which you might deliver as soon as possible:[102]

"The Canadian Government has reviewed the scope and extent of the proposed air defence exercise "Sky Shield." The Canadian Government agrees to the continuation of the planning for the exercise but wishes to defer until June a decision on the exercise itself, with no public announcement until that time. The Canadian Government hopes that this position will be acceptable to the United States. In the meantime the details of the exercise should remain secret.

"The Canadian Government plans to have the Minister of National Defence discuss in general terms at an early meeting of the newly established Parliamentary Committee on Defence, the requirement to exercise the air defence forces. This discussion would assist in preparing public opinion here to accept the need for large-scale exercises involving electronic counter measures."

[102] Le Cabinet a approuvé le texte de cette communication le 28 avril 1960.
Cabinet had approved the text of this communication on April 28, 1960.

290. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

Secret [Ottawa], June 14,1960

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General and Acting Secretary of State (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley).
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Dr. Hodgson).

. . .

EXERCISE "SKY SHIELD"
(Previous reference April 28)

20. *The Prime Minister* said he had discussed Exercise "Sky Shield" with President Eisenhower during his recent visit to Washington,[103] and had reminded the President that events had vindicated Canada's judgment in urging postponement of Exercise "Sky Hawk" last year.

Mr. Eisenhower had asked that Canada decide as soon as possible whether or not Exercise "Sky Shield" was acceptable, and said that the North American radar net needed to be tested. The Prime Minister had asked whether this was an appropriate time to consider such an exercise, but the President had not dealt with this point.

21. *During the discussion* the following points were raised:

(a) Exercise "Sky Shield" was very different from "Sky Hawk," because fewer aircraft would be involved, and all would remain within radar range of North America. On the other hand the proposed exercise would involve risks. Aircraft might stray beyond the intended range, or the Soviets might regard the exercise as sufficient provocation to lead them to carry out their threat of attacking American bases without warning.

[103] Voir/See documents 226, 227.

(b) It was clearly necessary to test the North American warning system and the tactics of meeting an attack. Some said however that to hold the exercise at this time, following the failure of the Summit Conference, might heighten international tension. Others said the increased tension made the test more urgent.

(c) Reference was made to an article in the current issue of *Maclean's* Magazine which asserted that Canada was controlled by the United States.[104]

(d) Some said Mr. Khrushchev was understood to be seeking an invitation to visit Canada.

22. *The Cabinet* agreed to give further consideration to the proposed Exercise "Sky Shield" at the next meeting of the Cabinet.

R.B. BRYCE

291. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], June 15,1960

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General and Acting Secretary of State (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley).
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

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[104] Cela fait probablement référence à l'article virulent de Peyton Lyon publié le 18 juin 1960 dans le *Maclean's* qui critiquait la politique étrangère du gouvernement Diefenbaker. Lyon souhaitait qu'il y ait « some tangible evidence that Canadian influence has increased in the free world's capital. Most indications point to a contrary conclusion ». (p. 78)

This likely refers to a caustic article written by Peyton Lyon in the June 18, 1960 issue of *Maclean's* criticizing the Diefenbaker Government's handling of foreign policy. Lyon wished there was "some tangible evidence that Canadian influence has increased in the free world's capital. Most indications point to a contrary conclusion" (p. 78).

EXERCISE "SKY SHIELD"
(Previous reference June 14)

4. *The Cabinet* resumed discussion of the proposed NORAD air defence exercise "Sky Shield."

5. *During the discussion* the following further points emerged:

(a) Some still felt the exercise should be postponed.

(b) A draft joint announcement which had been prepared on the assumption that the exercise would be approved was a monstrosity. The exercise should be "played down" and treated almost as a matter of routine. On the other hand, this would have to be carefully done, otherwise there would be the wildest speculation. The most preferable course would appear to be for the Minister of National Defence to indicate during the Defence Expenditure Committee hearings that the exercise was to be held. This should come before any statements in the United States. There should be no press release before that.

(c) Before a statement was made the Prime Minister should talk to the Leader of the Opposition.

(d) During the exercise about 250 planes would simulate attack. These would be opposed by 1,000 interceptors. No aircraft stationed beyond North America would participate.

6. *The Cabinet* approved the holding of the proposed joint Canada-United States air defence exercise "Sky Shield" on the understanding,

(a) that the announcement about it in Canada would be made first by the Minister of National Defence at a convenient time during the proceedings of the Parliamentary Committee on Defence Expenditures; and,

(b) that no other announcement would be made either in the United States or Canada before such an announcement by the Minister.[105]

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SECTION C

ACHAT RÉCIPROQUE D'AVIONS
RECIPROCAL PURCHASE OF AIRCRAFT

292. PCO

Conclusions du Cabinet

Cabinet Conclusions

SECRET [Ottawa], February 4,1960

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),

[105] L'exercice « Sky Shield » s'est déroulé le 10 septembre 1960.
Exercise Sky Shield was staged on September 10, 1960.

The Minister of Justice (Mr. Fulton),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley).
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Martin), (Dr. Hodgson).

IMPROVEMENT IN AIR DEFENCE; REPLACEMENT AIRCRAFT FOR CF-100 IN CANADA

(Previous reference January 27)

1. *The Minister of National Defence* said that, since the summer of 1958, the Chiefs of Staff had been working on a direction from the Cabinet Defence Committee to investigate and submit proposals for "any additional interceptor aircraft of a proven developed type that may be required in lieu of the CF-105."

The Soviet Air Force had in service today, a jet bomber force of over 1100 aircraft which would have a useful life for some years to come; they constituted a threat to North America in the early 1960's. The United Kingdom and the United States planned to use supersonic interceptors for a time. Analyses showed that the CF-100 Mk. V was no longer operationally satisfactory against the present Russian bomber threat and it was impracticable to modify it to carry a nuclear air-to-air missile. The Chiefs of Staff had confirmed the continued need for the operation of interceptor aircraft in Canadian airspace.

General Kuter, Commander in Chief of NORAD, had recommended an air defence plan which included the withdrawal of the present nine CF-100 squadrons, commencing in 1960, and their replacement, to be completed by 1962, by six squadrons equipped with supersonic aircraft capable of carrying air-to-air nuclear missiles. This plan was being studied by the Chiefs of Staff.

The Chief of the Air Staff had investigated possibilities and methods of obtaining a limited number of supersonic interceptors to replace the CF-100, commencing late in 1960. Amongst those considered was an all-weather version of the F-104G but such an aircraft, even if it could be manufactured soon, which it could not, would not be compatible with the SAGE environment and therefore would be of little use in the defence system of North America. However, it was learned that the United States Air Force would consider making available to the R.C.A.F. sixty-six F-101B all-weather aircraft by re-equipping U.S.A.F. squadrons in less critical areas with a shorter range aircraft. The F-101B was the most suitable U.S. aircraft available to replace the CF-100. Delivery could start in July, 1960 and be completed in March, 1961. Having a greater operational capacity than the CF-100 and being capable of carrying a nuclear air-to-air missile, these aircraft could be developed in five squadrons of 12 aircraft each, replacing the present nine squadrons of 18 aircraft, thus reducing the manpower and operating requirements. The total cost of 66 F-101B's, including spares, ground support equipment, weapons, training equipment and construction, was estimated to be approximately $180 million. A cost-sharing arrangement with the U.S. might be possible and payments might be spread over a period of years.

The U.S.A.F. were anxious to transfer as many of their defence commitments in Canada as possible, as soon as Canada was prepared to take them over. The R.C.A.F. might assume certain of the U.S. responsibilities for radars in the Pinetree system, in exchange for which the U.S. might provide the 66 interceptors.

In general, the conclusions were that the CF-100 was no longer operationally satisfactory to deal with the present bomber threat, that for some time any attack on North America would probably include manned bombers as well as ICBM's, that it would be prudent to provide interceptor and BOMARC weapons to assist in the defence of the deterrent for the next three to five years and that, in addition to this role, a limited number of supersonic fighters were needed for identification purposes and to exercise the warning and interceptor system.

The Chiefs of Staff had concluded that, if satisfactory arrangements could be made, a small number of aircraft should be procured from the U.S. On their advice, the Minister recommended that negotiations be entered into with the U.S. Defense Department to procure 66 F-101B's, either through a cost-sharing arrangement or by Canada assuming the responsibility for the manning and maintenance of certain U.S.A.F. installations in Canada; the results of these negotiations to be reported to Cabinet in due course for consideration.

An explanatory memorandum had been circulated, (Minister's memorandum, Feb. 1, — Cab. Doc. 34/60).†

2. *Mr. Pearkes* added that it was the belief of the Chiefs of Staff that a bomber threat would exist until 1965. C-in-C NORAD's estimate was until 1970. Mr. Pearkes agreed with the Canadian Chiefs' view. A decision had to be reached soon on his recommendation because comments on NORAD's latest defence plan could not be long delayed. The CF-100 was really out of date now.

3. *The Prime Minister* said that the first question raised by the proposal was whether, having regard to the decision to cancel the CF-105 and the traditional Canadian position against accepting mutual aid, the government could agree to an arrangement under which the United States would pay a share of the cost of equipment to be used by Canadian forces.

4. *During the discussion* the following points were made:

(a) A cost-sharing arrangement for these aircraft, despite its advantages, was politically intolerable in all the circumstances.

(b) On the other hand, a decision to acquire F-101B's from the U.S. without payment or on a shared basis could be defended on the ground that they would be used to defend the deterrent. However, to try to justify such a decision in terms of these aircraft being acquired as a replacement for the Arrow would be impossible.

(c) A reasonable case for purchase could be made on the basis that the aircraft would help to strengthen North American defence for a time, at much less cost than the Arrow.

(d) The F-101B should have been considered as an alternative to the Arrow long before the decision to cancel the latter aeroplane was taken. To this it was said that the version of the F-101B now being discussed was a different machine to the F-101B of two or three years ago.

(e) Apart from the difficulties of acquiring these in the face of the Arrow decision, the R.C.A.F., with only 66 aircraft, would have very little effectiveness against a Soviet bomber attack. Regardless of the nature and extent of the defences, many bombers would get through. Instead of obtaining any more interceptors the other elements of the R.C.A.F. should be strengthened.

(f) Canadians did not worry too much about U.S. expenditures in Canada for the defence of North America. If the U.S. wanted to provide more interceptor defence, let them do it. But if the government obtained U.S. aircraft now for the R.C.A.F. it would be laughed out of court.

(g) If it were accepted that there was no need for defence against the manned bomber, then the BOMARC programmes should be cancelled and the radars dismantled.

(h) After a good deal of thought and with some trepidation, the United Kingdom had formally announced that there was no defence against the present threat.[106] The public response had been wonderment that it had taken the government so long to find out.

(i) The dilemma was simply this. If no more interceptors were supplied, the U.S. might well take over this form of defence in Canada with all that such a course implied for national sovereignty. On the other hand, to acquire the F-101B's, as had been proposed, would be most embarrassing in the light of all the statements made in connection with the Arrow.

(j) A final decision was not necessary immediately. All that was required was authority to discuss the proposition outlined by the Minister with the U.S. NORAD's recommendation was only the recommendation of a field commander and what the U.S. government felt about it was not yet known. Agreement to discuss, however, implied a willingness to have the CF-100's in Canada replaced with F-101B's. If the decision were not to re-equip, then the CF-100 squadrons should be disbanded quite soon.

(k) Adding more BOMARC's to the air defence system would be easier to justify than buying interceptors.

(l) Whatever the decision was to be, it had to be taken in the interest of the nation's security, no matter how painful that might be, and not for other reasons.

(m) It was doubtful if a decision not to replace the CF-100 squadrons would make a nullity of NORAD.

5. *The Prime Minister* added that he did not see how he could swallow what he had said following the cancellation of the Arrow. He and the Minister were responsible. If other aircraft should now be acquired to protect the national security, perhaps it would be possible to do it if some changes in personnel were made.

6. *The Cabinet* postponed decision on the proposals of the Minister of National Defence for discussions with the U.S. government to ascertain on what terms it might be possible to arrange the replacement of the R.C.A.F.'s CF-100's in Canada.

R.B. BRYCE
Secretary to the Cabinet

[106] Dans le livre blanc de la Défense britannique de 1957, il était indiqué que le public ne serait pas protégé en cas d'attaque nucléaire; seules les bases où sont entreposées les armes de dissuasion nucléaire seraient défendues.

The British 1957 defence white paper stated that the general public could not be protected from a nuclear attack; only the bases containing the nuclear deterrent would be defended.

293. DEA/50210-H-40

Le secrétaire par intérim à la Défense des États-Unis
au ministre de la Défense nationale

Acting Secretary of Defense of United States
to Minister of National Defence

Washington, March 22, 1960

Dear Mr. Pearkes:

The purpose of this letter is to confirm the telephone conversation you had with Secretary Gates last Friday and to amplify the matters that could not be discussed over the telephone for security reasons.

Last Friday, the Chief of Staff, Air Force, advised the Joint Chiefs of Staff that because of the rapidly shifting emphasis toward ballistic missiles in the composition of the overall threat, and the time required to bring the sophisticated air defense system we have previously planned to full operational status, he recommended that the Super Combat Center program be cancelled and the BOMARC program be reduced. The JCS agreed to recommend cancellation of the SCC program. They agreed in principle with the proposed reduction in the BOMARC program but felt it necessary to obtain CINCNORAD's views before making a specific recommendation. These proposals were the subject of detailed RCAF/USAF discussion prior to finalization, and appear to be the best military solutions in line with the basic considerations.

While we realize these changes represent a significant modification to our current air defense program we feel that completion of the soft SAGE program and continuation of the remainder of our weapons programs will result in a substantially improved air defense posture over that which we now possess and will insure achievement of full operational capability on a time basis more consistent with the manned bomber threat.

In joint deliberation with members of the RCAF, it was concluded that an FSQ-7 computer could be placed in the hardened facility now being constructed in Canada for the FSQ-7A.[107] ADSID[Air Defence System Integration Division]/MITRE, with the aid of RCAF Air Staff technicians and appropriate contractor personnel, verified the feasibility of the proposed substitution and determined that the originally planned operational date can be met. We recognize this course of action makes no specific provision for a combat center in Canada. We are taking expedited joint action with your people and with NORAD to determine what provision for regional control can and should be incorporated.

It is acknowledged that these proposals will affect the current CADIN[Continental Air Defence Integration North] plan. The package must be re-examined in the near future, initially by NORAD and Headquarters RCAF, to determine the extent of rearrangements required. We are assuming that cost sharing will remain on the same basis as that reflected in the current agreement.

Our proposed reduction in total BOMARC strength does not affect the two squadrons programmed for the RCAF. The question as to whether each of the squadrons should contain sixty missiles or some lesser number out of the total we anticipate being available is a matter

[107] FSQ-7 était la version du tube à vide du système semi-automatique d'infrastructure électronique (SAGE) prévu initialement pour l'installation des missiles BOMARC à North Bay.
FSQ-7 was the vacuum tube version of the Semi-Automatic Ground Environment (SAGE) system. The FSQ-7A was the transistorized version of SAGE initially planned for the North Bay BOMARC installation.

which must be mutually determined between your people and NORAD in connection with the CADIN plan re-evaluation since it relates to force composition and deployments.

As Secretary Gates discussed with you on the telephone on Saturday, the final decision is dependent upon Congressional reaction to our proposals. We are committed to present the proposed revisions to the current air defense program to Congress on the 24th of March. I would appreciate it if I could have the benefit of your initial views on the above as early as practicable. You will, of course, be advised immediately of the Congressional action on these proposals.

We acknowledge that we are proposing major changes to the air defense structure of North America. In order to attain long term success in meeting the rapidly changing threat, and still stay within our anticipated peacetime share of the national budget, we must re-direct and concentrate our efforts on meeting the total aspects of that threat. We believe that the changes we contemplate are essential and that from a military standpoint well understood.

Although not a part of the re-arrangements mentioned above, these proposals suggest changes in the fighter interceptor structure in order to enhance the overall North American air defense posture. Modernization of your interceptor force would be of considerable value in this regard. Suitable arrangements could be made for Canada to acquire some 66 F-101B aircraft in the near future. These would be production line aircraft and delivery could commence in the latter part of August of this year and be completed in November. Though this matter is not of the same urgency as the proposals mentioned above, we would appreciate your views at an early date.

Sincerely yours,

JAMES H. DOUGLAS

294. DEA/50210-H-40

Le ministre de la Défense nationale
au sous-secrétaire par intérim à la Défense des États-Unis

Minister of National Defence
to Acting Deputy Secretary of Defense of United States

SECRET Ottawa, March 23, 1960

Dear Mr. Douglas:

I very much appreciate receiving your letter of the 22nd of March dealing with the proposed changes in the joint Canadian-United States air defence programmes, and I hasten to send our preliminary remarks.

There is no doubt that improvement and maintenance of the deterrent forces must take priority and I support wholeheartedly this concept as being the best means of maintaining the peace. I realize the importance of these adjustments, for the purpose of making funds available for more urgent and priority programmes at the expense of the air defence programme.

With regard to the specific proposals, as you mention, the R.C.A.F. and the U.S.A.F. have investigated the possibility of installing the FSQ7 computer in the facility now under construction at North Bay as being the best means of providing a SAGE environment in the eastern sections of Canada. I agree that this proposal is sound and should be implemented as early as practicable. We note that the proposed plan may require a re-sitting of the BOMARCS but that in the proposals you are submitting to Congress the two Canadian BOMARCS will remain as an integral part of this proposed new BOMARC plan. I presume that the R.C.A.F. will be included in any discussions regarding the re-sitting of the BOMARC installations. I

would hope that it will not be necessary to make an announcement regarding the re-siting of the BOMARC locations at this time. We hope that the development of the BOMARC will be successful and that it will come into service in accordance with the present time schedules.

With regard to the final paragraph in your letter regarding the modernization of our interceptor forces, I will discuss this matter with Mr. Gates when I see him in Paris next week.

I would appreciate early advice of any public statement you may contemplate making as a result of the Congressional examination which is taking place the latter part of this week as you will realize that it may be necessary for me to make a statement at the same time regarding any adjustments or changes to our joint plans.[108]

Yours sincerely,

GEORGE R. PEARKES

295. PCO

Note du ministre de la Défense nationale et du ministre de la Production pour la défense pour le Cabinet

Memorandum from Minister of National Defence and Minister of Defence Production to Cabinet

CABINET DOCUMENT 199-60 [Ottawa], June 27, 1960

TOP SECRET

IMPROVEMENTS IN AIR DEFENCE
U.S. PROPOSAL FOR RECIPROCAL PURCHASE OF AIRCRAFT

Introduction

1. The U.S. have informally proposed to Canada that an arrangement be entered into between the two countries whereby the USAF would purchase 37 Canadair CL44 transport aircraft at an estimated cost to the U.S. of approximately $175 Million and that the RCAF in turn purchase from the USAF 66 F101B supersonic aircraft at a cost to Canada of $105 Million.

The Military Requirement

2. The Chiefs of Staff have studied NORAD's requirements for the air defence of North America. These studies have confirmed that an interceptor aircraft will continue to be required in Canadian air space. If no Canadian interceptors are provided the necessary defence could only be assured by U.S. aircraft patrolling Canadian skies.

3. The present concept of the most effective means of defence is the provision of a deterrent that will effectively discourage any aggression. Thus to defend Canada against air attack,

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[108] En mars 1960, l'USAF a annoncé un plan de réduction du financement des BOMARC pour l'exercice financier suivant, l'enveloppe passant de 420 millions de dollars à 50 millions de dollars. Le budget de1960 fut finalement approuvé par le Congrès, celui-ci affectant 224 millions de dollars à la poursuite du développement des BOMARC. Voir « Defence Fund Bill Signed by President », *New York Times*, 8 juillet 1960, p. 18.

In March 1960, the USAF announced plans to reduce its request for BOMARC funds for the coming fiscal year from $420 million to $50 million. The 1960 budget eventually approved by Congress allotted $224 million to continued BOMARC development. See "Defence Fund Bill Signed by President," *New York Times*, July 8, 1960, p. 18.

whether by bombers or missiles, it is essential to create in the mind of any aggressor the conviction that an attack on North America would inevitably lead to great destruction on his own territory.

4. An effective deterrent has to convince any aggressor of the inevitability of retaliation and it therefore must consist of two parts:

(a) a striking force of either missiles or bombers or both which can strike back with devastating power; and

(b) a defence which will enable the retaliatory striking force to survive in sufficient strength to carry out its destructive role.

5. Canada has never made any substantial contribution to the active retaliatory force but, because of geography in relation to the American bases, can provide a very effective element of defence against surprise attack on the bases of the retaliatory force. This contribution consists of warning and defence in depth forward of the United States strike bases.

6. The nature of the defence must inevitably be geared to the force that it is defending against. At the present moment the forces that may be used against North America are largely bomber forces. Although the bomber will be augmented to a large extent by missiles in the next three to five years, nevertheless the bomber remains the cheapest and most effective way of delivering nuclear warheads to a target. Although the bomber is a decreasing threat in the overall attack force, defence against it is still required.

7. A defence against the bomber should be versatile and should contain both anti-bomber missiles and interceptor aircraft. The present plan for Bomarc deployment has reduced the number of missiles very considerably below that which was originally intended. The availability of a limited number of interceptor aircraft provides diversity of defence and ability to continue a sustained effort against an attack; in addition, it provides the ability to investigate, interrogate and challenge any intruder.

8. The RCAF has determined that the F101B is the most suitable of the USAF supersonic interceptors for the Canadian requirement and that the procurement of the 66 aircraft which can be obtained from the United States will provide a valuable contribution to the air defence of North America. These aircraft would be almost immediately available which is an important consideration.

9. U.S. defence officials indicate informally that payment for the F101B aircraft need not be related to the period in which the aircraft would be delivered to the RCAF but could be spread over several years should this be desired. Under an arrangement of this nature, it is estimated that this programme could be fitted into an annual defence budget of approximately the present size.

Economic Implications of the United States Proposal

10. Both aspects of the United States proposal have implications for Canadian industry. Sales of the CL-44 would be of immense and widespread benefit to the Canadian aircraft industry and its suppliers at a time when there is considerable concern over the future of the industry.

11. The direct value of such an order, including normal spares provision, has been estimated at $175 million, of which 75%, or $130 million, represents the actual Canadian content. The resulting average employment increase in the Canadian aircraft industry has been calculated at approximately 3,300 in the balance of 1960, 10,000 in 1961, and 3,800 during 1962. These effects would be shared by all sectors of the aircraft industry, involving sub-contractors and suppliers in the Maritimes, many parts of the central provinces, and the Winnipeg area.

12. Of even greater potential value are the commercial orders for the CL-44 which are considered likely to follow adoption of the aircraft by the United States Air Force. A careful survey of the United States civil air transport market indicates that a military purchase could

give rise, over the next three years, to orders from commercial carriers for about fifty additional aircraft. Orders on this scale would generate further employment increases estimated at approximately 1,200 in 1960, 3,650 in 1961, 12,000 in 1962, and 4,850 in 1963. Commercial orders would also necessitate the use of an even wider net of sub-contractors than is currently employed. In addition, there would be further United States Air Force orders for spare parts to be stocked by the Military Air Transport Service all over the world for the U.S. Civil Air Reserve Fleet.

13. It should also be noted that these sales, military and commercial, would be of major importance to Rolls Royce, the manufacturer of the Tyne engine, and would make a large overhaul programme in their Canadian subsidiary a probability. The benefit to the United Kingdom would also have a bearing on Canadian prospects of selling such aircraft as the Caribou to the British Government.

14. It must be recognized that the replacement of CF-100 aircraft in 1960/61 would give rise to reductions in the repair and overhaul programme. However, the industrial consequences of this reduction are limited by the fact that, if no such replacement is made, the present CF-100 force will be phased out of service starting in 1961. The effect of this phasing-out on the repair and overhaul programme is already being felt and will mount steadily over the next three years. The proposed introduction of the F-101B would bring forward, by approximately one year, the withdrawal of five CF-100 squadrons and would, to this extent, accelerate the reduction in the labour force associated with CF-100 overhaul.

15. This acceleration will be felt principally by the firms engaged in the overhaul of CF-100 airframes, Avro at Malton and Bristol at Winnipeg; but this would likely be offset, in Bristol at least, by increased sub-contract work for the CL-44. Lesser effects would be felt in the engine repair and overhaul programme at Orenda Engines Limited, and these would be more than offset by the labour build-up, during the next two years, associated with the production of J-79 engines for the CF-104. Little effect would be felt by firms engaged in the repair and overhaul of instruments, electronics and associated equipment.

16. The relatively slight impact of the CF-100 replacement on overhaul workloads would not, in fact, be felt by the aircraft industry in the midst of the activity generated by an order from the United States Air Force for CL-44 aircraft. Without question, the overall result would be to dispel the pessimism which now pervades the industry, and to give impetus to selling drives in the United States and other countries. Failing this, the industry seems likely to collapse within the next three years, with only the DeHavilland Caribou remaining as a production programme.

Conclusions

17. We consider that the above proposal is in the best interests of Canada because:

(a) It enables the RCAF to re-equip its air defence forces almost immediately with a proved supersonic interceptor.

(b) The sale of CL44 aircraft to the United States Air Force would represent a major breakthrough into export markets by a Canadian product, which would bolster employment significantly throughout a broad segment of Canadian industry and would be of immense value in the penetration of the highly competitive international civil aviation market.

(c) It provides a dramatic expression of the Government's policy of obtaining American Production orders for Canadian industry in exchange for our own defence requirements.

Recommendation

18. The Chiefs of Staff recommend and we concur that approval be given to negotiations with the U.S. leading to an agreement that will be submitted for Cabinet consideration.

[GEORGE PEARKES]
[RAYMOND O'HURLEY]

296. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], August 9,1960

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General and Acting Secretary of State (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley).
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Martin), (Dr. Hodgson),
The Registrar of the Cabinet (Mr. Halliday).

. . .

AIR DEFENCE; PROPOSALS FOR RECIPROCAL PURCHASES OF AIRCRAFT
(Previous reference July 16)

4. *The Prime Minister* said further consideration should be given to the proposals for reciprocal purchases of aircraft. The Liberal party had now indicated its support of such a transaction, and therefore the political difficulties had been reduced.

5. *During the discussion* the points raised in previous discussions were explored further, and in addition the following points were raised:

(a) Some opposed the purchase of the F101B as being only a marginal military requirement. The menace of the manned bomber would shrink in the years ahead. Some observers had stated that the F101B was already obsolete in the United States, but over 500 were in use in that country, and the only superior aircraft in the U.S., the Navy's F48, would involve at least double the cost of the F101B. The proposed purchase would give little protection to Canada,

and therefore the $105 million would be virtually wasted. In any case, after having scrapped the Arrow programme, the government was not in a position to buy any manned interceptor from another country.

(b) Others said the cancellation of the Arrow had created a vacuum in defence policy. The public expected the government to fill the vacuum, and the present proposal offered a suitable form of action to that end. Unless manned interceptors were provided the function of the Air Defence Command would be undefined, and the morale of the R.C.A.F. would suffer accordingly. The suggested reciprocal purchase was the best deal that Canada was likely to obtain, and the principle of defence production pooling had already been recognized by the government as highly desirable. The transaction would be a great boon to the Canadian aircraft industry. It would give Canada an opportunity to sell the CL44 transport aircraft, and would doubtless lead to further sales both in the U.S. and elsewhere. Although the question was fundamentally one of defence rather than of employment, it was significant that the sale of the CL44 would help the Avro plant at Malton and create substantial added employment at Canadair in Montreal.

(c) Any decision on this proposal was likely to prove wrong in substance, and likely to be unpopular with the public. Air defence was in such a state of flux that uncertainty was inescapable. During the past three years some $3.7 billion had been spent in the Western world for defence equipment which had subsequently been found inappropriate. The British Blue Streak was a well-known case in point.[109] At the meeting of Commonwealth Prime Ministers there had been wide differences of opinion on defence matters, some prime ministers regarding war as inevitable and therefore emphasizing preparedness, while other prime ministers had been obsessed with disarmament.

(d) Some said that if purchased the F101B should be used for identification only, and should not be armed with nuclear warheads nor used as interceptors. Others said that if acquired the aircraft ought to be equipped with the most effective weapons obtainable.

6. The Cabinet,

(a) approved the recommendation of the Ministers of National Defence and Defence Production that negotiations be carried through immediately with the United States for an agreement, that would be submitted for consideration of details by the Cabinet, providing for,

(i) the purchase by the United States Air Force of about 35 Canadair CL44 transport aircraft at an estimated cost to the U.S. of $155 million;

(ii) the purchase by the Royal Canadian Air Force of 66 F101B supersonic aircraft from the U.S.A.F. at a cost to Canada of about $105 million; and,

(iii) the sharing on a 2.1 basis by the U.S. and Canada of the associated costs for spares, armament, ground equipment, etc. for these F101B aircraft; and,

(b) agreed that a statement on the proposed reciprocal purchase be drafted by a committee comprising Messrs. Pearkes, O'Hurley, Green, Fulton, Starr and Nowlan, for consideration by the Cabinet at its next meeting.

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[109] En avril 1960, le gouvernement britannique avait annulé le programme des missiles balistiques Blue Streak en raison de son coût prohibitif.
In April 1960, the British Government had cancelled the Blue Streak ballistic missile development program due to its prohibitive cost.

297. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], August 12,1960

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks) (for morning meeting only),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley).
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Dr. Hodgson),
The Registrar of the Cabinet (Mr. Halliday).

. . .

AIR DEFENCE; PROPOSALS FOR RECIPROCAL PURCHASES OF AIRCRAFT
(Previous reference July 16)

19. *The Prime Minister* said that in view of the strong opposition expressed at a meeting of the Conservative Caucus on the proposed reciprocal purchases of aircraft, the Cabinet should give the transaction further consideration. The members of the Caucus were thoroughly familiar with public attitudes across the country, and therefore their reaction at that meeting might be a foretaste of the probable public reception if the proposed deal was consummated.

20. *During the discussion* the following points were raised:

(a) The initial reaction of the Conservative Caucus had been similar to that of the Cabinet, but after further consideration a majority of the Ministers had supported the proposal. Possibly the Caucus might also have a different view if it considered the subject fully and fairly.

(b) The U.S. Defence Department had been notified on August 9th that the Canadian government had approved the reciprocal purchase arrangement, but on the following day they had been informed that the subject would be considered further by the Cabinet.

(c) Some said that by 1962 the CF-100 would be useless for interception and almost useless for recognition. Unless the F-101B or some alternative was acquired, Canada would then be defenceless against an attack by manned bombers, except for such protection as would be given by the BOMARC, the warning system and by U.S. aircraft or missiles.

(d) Canada had recently succeeded in selling 27 de Havilland Cariboo aircraft to the U.S., and this initial order might lead to the sale of about 200 such aircraft at a rate of perhaps 25 a

year. In the same way, if the proposed sale of the Canadair CL-44 was completed, that aircraft might become standard equipment in N.A.T.O. countries.

(e) Encouraging progress had been made with defence production sharing. In July 1960, U.S. defence contracts in Canada amounted to about $32 1/2 million, and the total for the year would probably exceed $100 million. In 1961 this figure might be doubled.

(f) Some said the cancellation of the Arrow programme had been predicated on the decrease in the threat of attack by manned bombers. In the public statement made at that time it had been stated that the Chiefs of Staff were to investigate "various alternatives for the improvement of our defences." This could be and was widely interpreted as referring to alternatives to interceptors and not to alternative kinds of interceptors. Actually the Minister of National Defence had stated to the Defence Committee that the Chiefs of Staff were seeking another aircraft of proven design, and a similar statement was made by the Minister to the Committee on Defence Expenditures. Therefore there was in fact no conflict between the cancellation of the Arrow programme and the proposed acquisition of the F-101B. The Chiefs of Staff had reported that for the next five to ten years it would be reasonable to anticipate attack by substantial numbers of Russian bombers. The public however had been given the impression that the Arrow had been cancelled because of a reduced requirement for manned interceptors.

(g) One reason for the cancellation of the Arrow programme had been the high cost in relation to the function performed, but this consideration had not been emphasized in the discussion of the subject. The F-101B would fill the same role at a cost of $105 million as against $800 million for the Arrow.

(h) Some said the proposed purchase of F-101B aircraft would be a waste of money. The present 9 squadrons of 25 CF-100 aircraft each, or a total of 225 aircraft, would be replaced by 5 squadrons of 12 F-101B aircraft each or a total of 60 aircraft. Only 40 aircraft would be operational at any one time. This thin coverage of the vast area of Canada would not really defend the country and its cities, but would merely provide part of the protection required by the U.S. Strategic Air Force. If Canada did not acquire these interceptors, the U.S. would probably man them in any case and would operate them a little farther south.

(i) The most attractive feature in the proposal was the provision of a market for a Canadian aircraft. Some said that 25 per cent of the value of the CL-44 would be devoted to non-Canadian components, or 21 per cent of the value if it was found that the propellers could be made in Canada. Others said that if Canada bought Rolls Royce engines in the U.K. for these aircraft, the purchases would enable Canada to sell more of other commodities to that country.

(j) Some said that assurance had been given when the Arrow had been cancelled that it would not be replaced by a U.S. plane. The proposed purchase would therefore be regarded as a direct breach of faith.

(k) Others said that, whatever the merits claimed for the proposal, the purchase of the F-101B could not be successfully explained to the Canadian public, and therefore that the previous decision of the Cabinet should be rescinded. The worst possible course at this time would be to delay a firm decision for any substantial period. The public expected early and definite action.

(l) Some members said that if the reciprocal purchases did not take place, consideration should instead be given to an expansion of Air Transport Command, transferring Canada's primary role in the air from interception and recognition to transport. Others said that Air Transport Command was now undergoing an enormous expansion and could not usefully be expanded further at this time. That Command was acquiring from Canadair twelve 106 transport aircraft and ten 109 aircraft. The suggestion was also made that the government might buy a number of CL-44 aircraft from Canadair for forest fire protection.

(m) If the previous decision of the Cabinet was rescinded, the public statement on the subject should be prepared with particular care. A restricted press conference should be held to brief friendly reporters fully on the decision and on the reasons for it. The decision should be announced not as the rejection of a reciprocal purchase but as part of a definite defence policy. It should be unequivocally stated that the government had decided that, as the chief threat in the future was from guided missiles, the government would not acquire manned interceptors but would rely upon the warning system plus the BOMARC to give protection against any residual threat of attack by manned bombers.

(n) As the CF-100 was already obsolescent, no attempt should be made to retain that aircraft as an interceptor in the years ahead. Instead seven of the nine squadrons should be disbanded gradually and in an orderly manner, perhaps over a period of two years. This would reduce the strength of the R.C.A.F., now 51,000 officers and men, by 6,000 or 7,000. Two squadrons would be retained for the BOMARC.

21. *The Cabinet*,

(a) rescinded its decision of August 9th on proposals for reciprocal purchases of aircraft; and,

(b) agreed,

(i) that, in view of the progressive reduction in the threat of attack by manned bombers, there was no essential requirement for the acquisition of new interceptors for the R.C.A.F. to replace the CF-100;

(ii) that seven of the nine R.C.A.F. Air Defence Command squadrons of the R.C.A.F. would be phased out in an orderly manner as the CF-100 was gradually withdrawn from operations, the remaining two squadrons being retained to man the BOMARC stations;

(iii) that the Minister of Defence Production would inform the U.S. Defence Department in strict confidence that the government of Canada was not prepared to proceed with the proposed reciprocal purchase of aircraft; and,

(iv) that a committee comprising Messrs. Pearkes, O'Hurley, Sévigny, Harkness, and William Hamilton would prepare a public statement on this subject for consideration at another meeting of the Cabinet.

. . .

298. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], September 21,1960

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Veterans Affairs (Mr. Brooks),
The Solicitor General and Acting Secretary of State (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Agriculture (Mr. Harkness),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Martin).

. . .

TRIANGULAR TRANSACTION WITH THE UNITED STATES ON AIRCRAFT
(Previous reference September 20)

3. *The Minister of National Defence* reported that the Committee appointed to prepare a proposal had met and agreed to recommend that the United States be requested to enter into an arrangement along the lines of the triangular transaction which the Cabinet had already discussed. In addition to Canada taking over the eleven Pinetree radar stations, the United States making 66 F101B aircraft available to Canada and the U.S. purchasing $155 million worth of CL-44 aircraft from Canadair, the Committee recommended that Canada assume the operating costs of the five Pinetree radars, currently manned by the R.C.A.F. but paid for by the U.S., and that Canada pay one-third of the cost of the spares and related equipment for the F101B's.

An explanatory memorandum had been circulated, (Joint memorandum, Ministers of National Defence and Defence Production and Associate Minister of National Defence, Sept. 20 — Cab. Doc. 301-60).†

4. *The Prime Minister* said that the Canadian Ambassador in Washington had spoken with the U.S. Secretary of the Treasury on the proposed transaction. The latter had been urging acceptance of the arrangement in Washington. The U.S. Secretary of State was favourably inclined and the Acting Secretary of Defence, Mr. Douglas, seemed to be not unfavourably disposed. Mr. Anderson himself had apparently weighed in heavily for the arrangement and had urged that a formal proposal be made quickly. Mr. Heeney said that, if the Canadian Government decided to go ahead, he should be instructed to put a firm proposal to the U.S. Secretary of Defence in the next few days.

5. *During the discussion* the question was asked how an arrangement such as this could be justified and explained. The reply was that it would enable Canada to assume control of more defence installations in its own country and that the 66 F101B's were not really mutual aid or lend lease because Canada was paying a good deal as part of the whole transaction.

It was essential that the proposal remain secret until it was accepted or rejected.

6. *The Cabinet* agreed that the following proposal submitted by the Minister of National Defence, the Minister of Defence Production and the Associate Minister of National Defence be approved and transmitted by the Minister of National Defence to the U.S. Secretary of Defence via the Canadian Ambassador in Washington,

(a) that Canada will take over the manning and the operation and maintenance of the eleven Pinetree radar sites in the southern Canadian chain now operated by the U.S.A.F. and meet the costs thereof; two stations to be taken over in the next six months, four more in the twelve month period commencing April 1st, 1961 and the final five in the twelve-month period commencing April 1st, 1962;

(b) that Canada will assume forthwith the annual operating and maintenance costs of the five Pinetree radar sites currently manned by the R.C.A.F. but paid for by the U.S.A.F.;

(c) that (a) and (b) above become effective as soon as a government-to-government agreement was reached and continue through the period of the NORAD Agreement, i.e. to 1968 or for such other period as may be mutually agreed;

(d) that the U.S. will make available to Canada 66 F101B aircraft for the use of the R.C.A.F. with supporting equipment;

(e) that the costs of the spares and other related U.S. equipment for the F101B's be shared in the manner agreed at the July meeting of the Canada-U.S. Joint Committee on Defence; i.e. approximately one-third Canada and two-thirds U.S.; and,

(f) that the U.S. undertake to procure CL-44 aircraft to a value of $155 million.

R.B. BRYCE
Secretary to the Cabinet

299. DEA/50245-40

Note de l'adjoint spécial au secrétaire d'État aux Affaires extérieures pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Special Assistant to Secretary of State for External Affairs to Under-Secretary of State for External Affairs

SECRET. CANADIAN EYES ONLY. [Ottawa], October 1, 1960

PRIME MINISTER'S CONVERSATION WITH PRESIDENT EISENHOWER, SEPTEMBER 27 — DISCUSSION ON "TRIANGULATION"

Following is a summary of the brief discussion on this point which occurred during the Prime Minister's conversation with the President in New York on September 27.[110] On September 28, after seeing you, I informed both the Ambassador in Washington and Mr. Bryce of the main points, and I am sending them a copy of this memorandum for their records.

There has been no opportunity to clear the attached summary with the Prime Minister and I suggest that it should not be given wider circulation pending his approval.

H.R. R[OBINSON]

[PIÈCE JOINTE/ENCLOSURE]

SECRET. CANADIAN EYES ONLY. [Ottawa], October 1, 1960

SUMMARY RECORD OF PRIME MINISTER'S CONVERSATION WITH PRESIDENT EISENHOWER IN NEW YORK TUESDAY, SEPTEMBER 27, 1960

Triangular Transaction with the United States on Aircraft

The Prime Minister raised the question of the transaction involving the CL-44 aircraft. He wished the President to know that there had been in the past three months in Canada a disturbing upsurge of concern about United States domination. This trend was difficult to explain but it was a political fact of which the Canadian Government was obliged to take account. It was because of this that the Government had modified the original proposal. The Prime Minister hoped that the United States Government would see its way clear to accepting the proposal in its modified form.

The President did not appear to be aware that the transaction had reached the stage of a firm proposal or that it had been discussed recently by Canadian Ministers and Mr. Heeney with United States Cabinet Members and senior officials. He said, however, that he would look into it and that he was "delighted" it had come to a head. Mr. Herter commented that the proposal

[110] Pour avoir accès à la conversation complète, se reporter au document 101.
For a full record of this conversation, see document 101.

had only just become "concrete." The Prime Minister said that if the transaction could be completed, it would be a source of great satisfaction to the Canadian Government. The President again agreed to see that the matter was pursued.

300. H.B.R./Vol. 9

Note du ministre de la Défense nationale pour le premier ministre

Memorandum from Minister of National Defence to Prime Minister

SECRET [Ottawa, December 1960]

AIR DEFENCE PROBLEM

1. Mr. Gates, the American Secretary of Defence, informed me in Paris[111] that he had written a letter which had been approved by Mr. Herter, and by the President, turning down our proposal that the Americans buy the CL-44, and proposing instead that they turn over to us 66 F101 interceptors in exchange for our taking over the manning of eleven Pinetree Radar Stations.

At my request, he agreed to hold this letter. In the meantime yesterday, Mr. Willis Armstrong, the American Chargé d'Affaires, came in to see me to find out how long I wish to have delivery of this letter delayed. I told him that I would prefer not to receive it for upwards of two weeks, in order to give us time to consider the implications and to decide on a course of action. I believe it is essential that we should make a decision within this period of time if we are to get any definite arrangement made with the present Administration in the United States.

2. As far as our contribution to Continental Air Defence is concerned, it has been in the form of the Radar Warning Lines and, to a lesser extent, the Fighter and now Missile Control Systems on the one hand, and on the other, the provision of Interceptor Squadrons and Bomarc Squadrons. The Americans appear to look upon our continuing to provide some interceptor squadrons as vital to the system, as indicated by their willingness to turn the F101 over to us. If we do not accept these and withdraw completely from this part of our operations, I should think there would be some danger that the Americans would want to have a complete revision of the NORAD arrangement set up, with quite unforeseeable implications for us.

3. From our own point of view, there are political reasons and disadvantages for or resulting from either accepting or rejecting the present swap proposal. If we accept the proposal, the cancellation of the CF 105 will undoubtedly be brought up, and there will be criticism that we cancelled a Canadian program, thereby throwing people out of employment, and are now accepting American planes to do the job that the Canadian planes would have done. If we reject the proposal, we will be criticized for having refused to provide necessary security for the Country when we could have done so at a very limited cost. The first argument perhaps may be met by comparison of the relative cost of the F101 of approximately $12,000,000 to $15,000,000 per annum to operate the Pinetree stations as against the cost of the CF 105 of one to one and a half billion, which was beyond our financial capability. In addition to that, the manning of the Pinetree stations by Canada and the removal of American military personnel

[111] Douglas Harkness et son homologue américain, Thomas Gates, ont pris la parole lors de la réunion ministérielle de l'OTAN qui a eu lieu à Paris le 16 décembre 1960.
Douglas Harkness and his American counterpart, Thomas Gates, spoke on December 16, 1960 at the NATO Ministerial Meeting in Paris.

presently manning these sites would appeal to Canadian national sentiment and the idea of independent Canadian control of military installations on our territory.

4. The extent of the bomber threat and how long it will continue can be a matter of practically interminable argument. During the past two years, there appears to have been some change in military thinking on this matter due to the development of what are known as "stand-off bombers." These now in existence are capable of discharging missiles at a distance of 350 to 400 miles from the target and the Americans expect to have one which will be able to discharge a missile at 1,000 miles or more from the target. Intelligence information is that the Russians probably now have "stand-off bombers" with a 350-400 mile range and undoubtedly their progress in the "stand-off range" is likely to be as rapid as that of the United States and the United Kingdom. Military appraisal is that this development is likely to prolong the bomber threat much longer than was envisaged two or three years ago. One fact I think is clear, that if there were no defence against bombers, an attack by them would be easy, cheap and thus very likely to occur. This means that a defence of some kind must be provided, and the question for us to decide is to what extent we should take part in providing that defence.

5. One of the considerations in whether we should have any interceptors or not, is that to some extent, it is important for us to have planes capable of performing the task of recognition and air surveillance. This is something which is likely to be of increasing importance in maintaining Canadian sovereignty over Canadian air space, and I believe we must, from the general point of view of Canadian sovereignty, continue to have planes capable of maintaining this in our air space.

6. Approximately two years ago, a tentative agreement was reached with the United States, and letters of intent were exchanged, in connection with what is known as the CADIN Program (Continental Air Defence Integration North). This program provided for the two Bomarc Squadrons, the Sage Installation at North Bay, the construction of two heavy radars in Eastern Canada and five heavy radars in Western Canada, together with some forty-five gap fillers in radar chain, the cost to be shared approximately two-thirds to the United States and one-third to Canada. As you are aware, all of these projects except the gap fillers and the five heavy radars in Western Canada have been under construction for some time.

At the time this program was entered into, the Americans intended to put a chain of Bomarc Stations on American territory fairly close to the Canadian Border. The squadrons in the West have now been dropped, and in my view, this has removed a good deal of the need for the five Western Canadian radars, as these, if built, would have control only of the interceptors from American Stations in American Northern Prairie States. From a Canadian point of view, I believe we would be at a disadvantage, although military opinion does not accept this, in moving the likely area of air battle from roughly along the 49th parallel to roughly a line through Calgary, Saskatoon and 100 miles north of Winnipeg. I would think it almost inevitable that some of the newspaper defence "experts" would finally get on to this idea and you are well aware of what the effect on people in Western Canada would be of articles along this line.

7. In view of the considerations set out in the preceding paragraphs, I would recommend that our best course of action, from a combination of political and military factors, would be to accept the American offer with the proviso that the five Western Canadian radars be cancelled. From a financial point of view, this would save us a capital expenditure of some $40,000,000. plus an annual maintenance and operational cost of some twelve to fifteen million dollars for the five Western radars. This is one of the main possible savings in defence expenditures which I have been able to discover.

The acceptance of the American offer with the proviso that the Western radars be dropped might have the effect of causing the Americans to agree to buy the C44's on condition that we

proceed with the construction of the radars. However, I would be doubtful that this is the case, for whilst the United States and the Canadian Air Forces are anxious to have these radars, I would be doubtful if, in the whole defence picture, the Americans would attach very great weight to their being built.

8. If the courses of action I have proposed are to be followed, it might involve some re-negotiations with the United States over the cost of the entire CADIN Program. This, however, should not amount to more than a very few million dollars as the proportionate cost of the programs now envisaged runs to approximately $129,000,000. for Canada, and $282,000,000. for the United States. The cancellation of the Western radars would bring this down to approximately $90,000,000. for Canada as against $227,000,000. for the United States, so that the proportion is not altered very much.

SECTION D

COMITÉ MINISTÉRIEL CANADA-ÉTATS-UNIS SUR LA DÉFENSE COMMUNE, MONTEBELLO, 12 AU 13 JUILLET 1960
MEETING OF CANADA-UNITED STATES MINISTERIAL COMMITTEE ON JOINT DEFENCE, MONTEBELLO, JULY 12-13, 1960

301. D.F.P./Vol. 127

Note du ministère des Finances pour le ministre des Finances

Memorandum from Department of Finance to Minister of Finance

SECRET [Ottawa], July 8, 1960

CANADA-UNITED STATES MINISTERIAL COMMITTEE ON DEFENCE

I attach a copy† of the briefs prepared interdepartmentally for the meeting of the above-mentioned Committee to be held on July 12 and 13. As you know, Canadian Ministers and officials participating in the Canada-U.S. discussions will meet to discuss these briefs at 9:45 a.m., July 11th. Mr. Plumptre plans to be on hand for that meeting. I plan to discuss the papers with him sometime on Sunday, July 10th. The attached material is largely self-explanatory, but I consider it would be useful to call to your attention several points which are of particular interest to this department.

The paper on Continental Air Defence,† Item 3 of the agenda, discusses a number of current problems in this field. In most cases, however, the discussions between U.S. and Canadian Ministers will be more or less to note progress. For example, on the replacement of the CF 100, following preliminary consideration by Canadian Ministers last week, discussions between U.S. and Canadian officials on detailed matters are now taking place. It is not likely that these will have progressed sufficiently by next week to enable any substantive decisions by the Ministerial group. Similarly, further action on the formal cost-sharing arrangements covering BOMARC, SAGE and radar installations will be deferred until after final Congressional action on the U.S. Defence Budget.

It is likely that the paper on nuclear weapons policy, [112] Item 4 of the agenda, will be placed before the Cabinet on the morning of July 12th, before the start of the Canada-U.S. meetings.

[112] Voir/See document 271.

One aspect of this problem which is of particular interest to this department is the choice of alternatives for the negotiations with the U.S. on acquisition of nuclear weapons for Canadian forces. You will recall that a general agreement was drafted by Canadian officials last fall setting out the conditions of acquisition of these weapons for Canadian troops both in Canada and in Europe. Another alternative now being considered is the negotiation of separate general agreements, one covering nuclear weapons in Canada for Bomarc (and possibly for any F101B's acquired by the R.C.A.F.) and another covering deployment of such weapons for our troops in Europe, that is, for the "Honest John" rocket and the CF104 armament. I might point out that apart from any other advantages of the second alternative the negotiation of two general agreements would simplify working out the financial provisions. The financial arrangements must be different for Canadian forces in Canada and those in Europe because of the involvement of NATO common infrastructure in the Canadian bases in Europe.

With regard to Item 6, NATO long-range studies, you will note that an annex to the paper on this subject† deals with the deployment of MRBM's in Europe, probably the Polaris missile. There are obvious political problems involved here, in particular the timing proposed for a NATO decision on these weapons. Because of production plans for this missile, the U.S. has requested an answer from NATO by September of this year. External Affairs is somewhat concerned over the international repercussions should it become known that a decision had been made by NATO at this junction to build up rocket forces in Europe. In addition, however, deployment on MRBM's in Europe raises financial problems. SACEUR has proposed the inclusion of £50 million somewhere in the next three-year infrastructure programme, for the base facilities for 150 MRBM's. We have very little detail so far on this proposal, but since the Polaris is designed for mobile launching, this raises an obvious conflict with the usual definition of fixed infrastructure facilities.

Finally, on Item 7, defence production sharing, you will have received a memorandum† from Mr. Steel outlining the background of the present situation in this field. You will note that the main point of the brief prepared for Ministers on production sharing is the proposal to suggest to United States Secretaries that some of the F104 aircraft which may be offered to European countries by the United States under MDAP be manufactured in Canada. The paper states the relative advantages and disadvantages of such a proposal, namely, that while it presents considerable possibility for improving the situation in the Canadian aircraft industry it may bear a price in the form of a request for increased Canadian Mutual Aid. It should be recalled that we have been tailing off the equipment side of the Mutual Aid programme, particularly equipment from new production. In explaining this to NATO we have used the argument that little or none of the equipment we are producing corresponds to the present needs of our European partners.

A.B. HOCKIN

302. H.B.R./Vol. 9

Compte rendu de la réunion du Comité ministériel Canada-États-Unis sur la défense commune

Record of Meeting between Canada-United States Committee on Joint Defence

TOP SECRET Montebello, July 12, 1960

The United States was represented by:
Mr. Anderson – Secretary of the Treasury
Mr. Gates – Secretary of Defense
Mr. Merchant – Under-Secretary of State

Mr. Wigglesworth – United States Ambassador to Canada
Mr. Irwin – Assistant Secretary of Defense
General Twining – Chairman, Joint Chiefs on Staff
Major-General Whisenand – Assistant to the Chairman, Joint Chiefs of Staff
Mr. White – Deputy Assistant Secretary of State
Brigadier-General Brown – Assistant to the Secretary of Defense
Mr. Weitzel – Deputy to the Secretary of the Treasury
Mr. Willoughby – Department of State
Mr. Schaffner – Department of the Treasury
Mr. Smith – Counsellor, United States Embassy, Ottawa
Mr. Burgess – Department of State
Colonel Kreps – Department of Defense
Dr. Dryden – National Aeronautics and Space Administration (present for the item on outer space only)

Canada was represented by:
Mr. Green – Secretary of State for External Affairs
Mr. Fleming – Minister of Finance
Mr. Pearkes – Minister of National Defence
Mr. O'Hurley – Minister of Defence Production
Mr. Heeney – Canadian Ambassador to the United States
Mr. Bryce – Secretary to the Cabinet
Mr. Robertson - Under-Secretary of State for External Affairs
Mr. Golden – Deputy Minister of Defence Production
Air Marshal Miller – Chairman, Chiefs of Staff Committee
Mr. Plumptre – Assistant Deputy Minister of Finance
Mr. Ritchie – Assistant Under-Secretary of State for External Affairs
A/V/M Hendrick – Chairman, Canadian Joint Staff, Washington
Mr. Barton – Department of External Affairs
Mr. Tovell – Department of External Affairs
Mr. Zimmerman – Chairman, Defense Research Board (present for the item on outer space only)

Mr. Green welcomed the United States delegation to the Seigniory Club and reviewed briefly the proposed agenda for the discussions.

Mr. Anderson, on behalf of the United States delegation, said how pleased they were to be in Canada. He then said that in dealing with the first item on the agenda, the review of the international situation, he and his colleagues proposed to discuss it under three general headings. Mr. Merchant would speak about the political aspects, Mr. Gates about defence aspects, and he would deal with the economic situation.

Mr. Merchant said he had been asked by Mr. Herter to express his disappointment at being unable to attend the meeting. There had been a sudden request from the Cabinet of the Congo Republic for troops to keep order and the President considered that this matter required Mr. Herter's personal attention. He said that he wished to limit his remarks to a review of the spectrum of Soviet policy since the Summit, and a brief review of the situation with respect to the Far East, the Caribbean and Disarmament.

SOVIET POLICY

Mr. Merchant felt that the basic policies of the Soviet Union had not changed since May. The Soviet Union still favoured peaceful co-existence, by which they meant all measures short of war to accomplish their policies; they still aimed at dividing the free world and separating the United States from its friends; and their openly-stated purpose continued to be the domination of the free world.

At the recent Bucharest conference, Mr. Khrushchev got public acceptance of his policies by the other Communist leaders, but this was obtained in the face of obvious Chinese misgivings. The Chinese, being at an earlier stage of revolutionary development, are not keen on some aspects of policy and doctrine as enunciated by Khrushchev.

Since the Summit, there has been a steady increase in the temperature of the cold war. The way in which the Soviet Union has used the U-2 incident, and the reiterated threats about Berlin in spite of the statement that no treaty would be signed with East Germany for the time being, are examples. At a press conference in Vienna, Mr. Khrushchev said that if the West German Bundestag carried out its plan to meet in Berlin, this might be a good time to conclude a peace treaty with East Germany. The West German parliamentarians would then have to seek exit permits from the East German Government. Closer to home, there has been the Soviet support of Castro and the threat to use rockets if Cuba is attacked. The most recent incident was the destruction of a USAF RB-47 aircraft over the high seas when it was not even close to Russian territorial waters.

Mr. Merchant said that the behaviour of the Czech chairman at the meeting of the 10-Power Disarmament Committee when discussions were broken off should lead people to reflect on Nosek's candidature for the presidency of the United Nations General Assembly. It was clear that the Soviet Union's purpose in breaking off the Geneva discussions was to shift the centre of debate to the United Nations where there would be a better propaganda sounding board for Soviet views.

The continuation of the violent personal attacks on President Eisenhower was another phase of the hotter cold war, as was the behaviour of the Communist Chinese, in Cuba, Africa and elsewhere, and the Communist-inspired riots in Italy. All these activities were part of a package.

Mr. Merchant said that those who are familiar with Soviet bureaucratic methods know that there is a differentiation between propaganda activities and the pursuit of basic policy objectives. The Soviet Union, in spite of its public action in stirring up the cold war, is quite prepared to practice "business as usual" with the United States in a number of negotiations in which it has a continuing interest. The United States has been pointing out quietly to the Soviet Union that this is a dangerous game and could give rise to situations which might get out of control.

Mr. Merchant then referred briefly to the situation in the Congo which (with Guinea as the beach-head) provides a fertile field for the Soviet Union and China to make trouble.

In the face of all these developments, said Mr. Merchant, the United States has maintained a posture of restraint and calmness. It continued the disarmament negotiations until they were broken off by the Communists. It has continued the nuclear test ban negotiations. It has continued the agreed programme of cultural exchanges with the Soviet Union. It has contributed nothing to the elevation of the temperature of the cold war. At the same time, the United States will not be deterred in maintaining its essential role.

THE FAR EAST

Turning to the Far East, *Mr. Merchant* said that complex and disturbing as are the problems of that area, it is useful to remember that comparing the situation today with the prospects as they appeared ten years ago, we have done much better than might have been expected. The Philippines, Vietnam, Cambodia, Laos, Japan, Burma, Indonesia and Thailand have all shown unexpected elements of strength although the position of some of them continues to be precarious. The United States is particularly hopeful for the future of the new government in Korea. There is no evidence that the Communists had participated in the overthrow of the Rhee Government.

Mr. Merchant said that the recent disturbances in Japan were caused by a relatively small but highly organized minority. They were aimed not only at the United States-Japanese military agreement, which in fact provided for arrangements much more favourable to the Japanese than those previously in effect, but also at the basic character of government in

Japan. Recent prefectural elections provided encouraging evidence that the majority of the people still favour moderate policies., but this remains to be confirmed by the next election for the Diet.

The islands of Quemoy and Matsu still remain a major concern to the United States. The Communist Chinese do not distinguish between them and Taiwan, but regard them merely as stepping-stones to Taiwan. The Chinese Nationalists believe that both for political and military reasons the abandonment of the off-shore islands would be disastrous for them.

The United States believes that apart from the Japanese fiasco, President Eisenhower's Far East visit was a great success. The warmth of the reception he was accorded in the Philippines, Formosa and Korea was tangible evidence of the high regard of people in those countries for the United States.

Mr. Merchant said that the United States had once again reviewed its policy with respect to Communist China and that the policy remained unchanged.

Mr. Green said that the Department of External Affairs had received reports which indicated that the Soviet Union would be making a renewed effort to have Mongolia admitted to the United Nations. He asked what United States policy would be in this regard. *Mr. Merchant* said that the United States would continue to oppose the admission of Mongolia to the United Nations.

DISARMAMENT

Mr. Merchant then referred to the disarmament negotiations. Following the collapse of the 10-Power discussions in Geneva, the United States, like Canada, had hoped to have a prompt meeting of the United Nations Disarmament Commission. Unfortunately it had not been possible to get agreement to this course of action. It was now hoped that it would be possible to reach agreement between the five Western Powers which had participated in the Geneva talks on a Western plan which could be put before the Disarmament Commission in August. Mr. Merchant thought that we have a sound plan and that the events in Geneva had shown up the falsity of the Soviet position.

Mr. Green asked what Mr. Merchant thought should be done if French agreement to the Western plan could not be obtained. He wondered if the others should go ahead with a 4-Power plan. *Mr. Merchant* thought it would be exceedingly dangerous to have what in effect would be two Western plans and that every effort must be made to reach an understanding with the French.

Mr. Merchant said that the negotiations on the proposed nuclear test treaty are continuing. At the time of the break-up of the disarmament talks there had been indications that the Soviet Union might be contemplating similar action in these negotiations, but this had not happened. There are three major issues. The first is the length of the moratorium on tests below the threshold of detection, with the related question of the number of on-site inspections. The second is the composition of the control commission and inspection teams, and the third is the research programme to determine at what level on the seismic scale tests can be distinguished from earth tremors. The Soviet delegation had in effect repudiated the position taken by its scientists regarding the necessity for such a programme. The United States is about to submit new proposals for a co-ordinated research programme in the hope of persuading the USSR to participate.

Summing up, *Mr. Merchant* said that there was no assurance of reaching a test agreement, and that the United States cannot agree indefinitely to an unpoliced moratorium.

Mr. Green repeated the Canadian position of opposition to tests under any circumstances, and asked what would happen if the test conference collapsed.

Mr. Gates said (and Mr. Merchant agreed) that in this event the United States would feel free to resume underground tests. He thought that the first tests would be to determine seismic effects.

Mr. Irwin suggested that there are three questions to be considered. First, can the Russians carry out tests without being detected? The answer to this is, yes. Second, what would they gain? A great deal. Third, would they have any inhibitions about doing it? No. While there is no evidence that the Soviet Union is violating the test ban undertaking clandestinely, they have much to gain by doing so. If they are in fact doing this and the United States is not keeping pace, it would be the loser.

General Twining expressed the view that the Soviet Union has gained much from the test moratorium and is unlikely to break off the present negotiations. He indicated that in the military view it might be wise for the West to withdraw from these talks and not leave the timing of any breakdown to the discretion of the Soviets as had happened in the disarmament negotiations.

THE SITUATION IN THE CARIBBEAN

Mr. Merchant said that the situation in Cuba was profoundly disturbing and had implications with respect to the security of the United States, the Americas generally, and indeed of the whole free world. Castro had come into power with the support of a broad segment of moderate public opinion both within Cuba and throughout the Western world. At that time, the United States had made a number of gestures of friendship; a new Ambassador was appointed who was well known as an able diplomat and a specialist in Latin American affairs; when Castro made an unofficial visit to the United States, he was made welcome; the United States had made it clear that it desired to negotiate any differences on a friendly basis.

The first year of Castro's office marked out a clear path. Plans for elections disappeared; Castro and his entourage showed themselves to be increasingly hostile to the United States; there were evidences of ambitions extending beyond Cuba since revolutionary groups in Panama and the Dominican Republic had been permitted to operate from Cuba. The programme followed by the Cuban Government had undermined the support given by moderate and responsible elements in the country, as was shown by the number of resignations of experienced officials. The Agricultural Reform Act was a cloak for confiscation of the sugar plantations. Similarly, the take-over of the oil refineries on the grounds of their refusal to refine Soviet crude could only be described as high-handed.

Mr. Merchant said that perhaps Castro himself is not a Communist, but some of his associates are, including even the Director of State Security. Others, while not Communists, are enthusiastic fellow-travellers.

Throughout the period of deteriorating relations, the United States has attempted to distinguish between the Cuban Government and people, and has kept in mind its undertakings with respect to the Rio Treaty. It has also sought to take into account the reaction of other Latin American countries, its NATO allies, etc. Other American states have been slow in drawing conclusions and timid in expressing opinions. A complicating factor has been the situation in the Dominican Republic. Some Latin American governments, particularly Venezuela, have been so concerned with the activities of Trujillo that their attention has been distracted from developments in Cuba.

Mr. Merchant felt that Cuba is now in a new phase, one of open reliance upon the Soviet Union. He referred to the terms of the most recent Soviet intervention which make it crystal clear that there is a danger to the entire Western hemisphere. The United States had acted very slowly in respect of its sugar quota for Cuba, but in the light of the current situation it was only common sense to reduce its reliance on Cuba for supplies of this vital commodity (especially

in view of the lengthy time required, perhaps as much as eighteen months, to replace Cuban supplies with sugar from new cane plantings in other countries).

The OAS Foreign Ministers are meeting in the near future to discuss Venezuela's complaint against the Dominican Republic arising out of the recent attempt to assassinate President Betancourt. The United States has supported plans for this meeting on the private understanding that the Foreign Ministers will also consider the Cuban situation. On June 11, Cuba filed a complaint in the Security Council alleging economic aggression by the United States. Clearly this was an effort to side-step the OAS and take advantage of the support which Cuba could expect to receive in the United Nations from the Communist countries. *Mr. Merchant* was hopeful that the Security Council would decline to take any action on the Cuban complaint. He hoped that in this situation the United States could count on "understanding and active support" from Canada.

Mr. Green referred to the hazards of the Cuban situation and asked how the United States representatives envisaged that it would develop. *Mr. Merchant* replied that in the long run reliance had to be placed on the Cubans themselves and on Latin American opinion generally. He said that moderate and highly respected expatriate Cubans who were not tarred with the brush of Batista were "coalescing" outside Cuba and might provide a possible alternative government.

With respect to the situation regarding the United States naval base at Guantanamo, *Mr. Gates* said that the United States would defend it, if necessary. While the base might not be attacked directly, the United States position there could be made very difficult if the local labourers at the base were to strike or cause trouble in other ways. The United States would also intervene militarily, if it were necessary, in order to protect its citizens in Cuba (of which there are 9,000 in the whole country including 2,600 at the Guantanamo base). He added that the Cuban Government was now receiving weapons of unknown kinds from Communist countries. For its part, the United States has forces near at hand which could act quickly if required.

Mr. Anderson said that for fifty years the Latin American countries had been clamouring for an inter-American development institution. This is now being established. The success of such an institution is, of course, dependent upon its ability to sell its securities. Representatives of Latin American countries are now asking whether anyone will buy these securities in the face of the regional instability as demonstrated by Castro and his arbitrary action in refusing to allow withdrawals of earnings. The answer, of course, is that no one will do so. The Latin Americans find it difficult publicly to oppose Castro's behaviour because of their own political traditions and would privately welcome the United States taking the initiative in this respect while they retained the right to criticize the American position in public.

Mr. Merchant said that there was no question but that the reduction of the sugar quota would mean that the Cuban people are going to suffer hardship, but this was inevitable under the circumstances.

Mr. Robertson referred to the impression which had been made by the great tolerance and patience shown by the United States up until recently, despite the provocations of Castro and others in his Government. He regretted that it had not apparently been thought possible to continue to display such restraint. In connection with Mr. Merchant's remarks, he asked if reliance must be placed on opposition to Castro developing around expatriate Cubans. He thought it would have been better if such opposition had been allowed to develop internally. There were numerous signs of disillusionment among prominent Cubans who had originally supported Castro. While such people might not reflect current attitudes of the population generally, their criticism or even desertion of the régime could in time have produced profound and widespread effects on opinion within Cuba. Speaking personally, he was inclined to

question the wisdom of cutting the sugar quota. He found it hard to accept the argument that the United States would have been seriously risking its future sugar supplies if it had continued to rely on Cuban sources. In any case, was it politically wise to take such action at this stage instead of letting the process of disenchantment with Castro run its course? Such action by the United States gave Castro a ready-made opportunity to blame the United States for Cuba's troubles and to identify Cuban nationalism with communism to our detriment.

Mr. Gates remarked that Castro had so far not lost popularity within the country except among the intellectuals. *Mr. Robertson* said that clearly there had been quite serious defections among intellectuals, including a number of those whom Castro had appointed as ambassadors.

Mr. Merchant said that United States dollars obtained from the sale of sugar were being used to buy Soviet oil and arms. Public opinion in the United States demanded action. The administration had done its best to restrain public opinion but the unanimous action of the Congress in amending the sugar legislation to permit the President to reduce the quota was a clear indication that the time had come for a specific reaction to the behaviour of the Castro régime.

Mr. O'Hurley asked how Castro kept up the support he obviously enjoyed from the Cuban people generally. *Mr. Merchant*'s reply was that anyone who has full control of public information media can do this, as witness Germany in the 1930s.

Mr. Heeney asked what was the position of other Latin American countries concerning developments in Cuba. Mr. Merchant said it could only be described as equivocal. Responsible officials were privately very disturbed about the situation but unwilling to take a position publicly. It was encouraging to note that when one of the leaders in the Mexican Senate and a member of the party in power had spoken up in favour of Cuba, the Mexican Government pointed out that he spoke for himself and that his views were not the policy of the Government.[113]

DEFENCE ASPECTS OF THE INTERNATIONAL SITUATION

Mr. Gates said that the main problem the United States Government has been coping with since January is the attempt of the Democrats in Congress to play the "numbers game" and draw attention to military deficiencies in terms of specific weapons systems rather than looking at the defence machine in terms of a whole system. In order to form an accurate impression of the military capability of the United States, it is essential that it be viewed as an integrated whole.

During the past year, relations between the Defence Department and the State Department have grown increasingly close and the impact of foreign policy on defence policy is fully acknowledged. The basic approach of the United States Government to the problem of defence is one of collective security, with reliance being placed on regional alliances such as NATO, CENTO and SEATO, and on bilateral arrangements. The system of forward strategy must be maintained and this is why the mutual security legislation now before Congress is so important.

Mr. Gates said that Khrushchev's primary objective is to destroy these alliances. The United States Defense Department does not believe the Soviet Union is really ready to make substantive agreements in the field of disarmament, and for this reason is gearing its defence programme accordingly. In spite of recent criticism of the United States defence position, repeated analysis has satisfied the Government that it is not second-rate but, on the contrary, is better able to meet its many responsibilities than ever before.

[113] Voir aussi les documents 586 et 587./See also documents 586 and 587.

Mr. Gates added that it is important that the United States maintain her position and continuously watch for weak spots. As an example, he mentioned the Atlas ICBM programme, which has been slipping and for which he is now recommending an increased expenditure. The problem is one of taking into account the long lead time required for the development and production of costly weapons systems and to keep the overall programme in balance. The immediate problem is one of readiness for instant response, and dispersal. A balance must be maintained against the overall threat rather than the threat posed by any single weapons system.

Considerable progress has been made in the general area of manpower management. The strategic concepts underlying the composition of United States forces are continuously under study.

General Twining said that the United States forces were stronger than ever before in peacetime. It is essential under modern conditions to have adequate forces-in-being. The concept of fighting a war with forces mobilized after the outbreak of hostilities is no longer viable. He was satisfied that in addition to having an adequate deterrent force, the United States could handle any foreseeable limited war situation with its existing ground force of seventeen divisions.

General Twining then commented on the problem of dealing with the Soviet Union. In his view, there are three possible choices: to fight them from the outset, to capitulate, or to live with them. The first two choices are unacceptable, but the third will only be possible if you stand up to the Russians and demonstrate that you are as tough as they are.

General Twining expected that the latest plane incident would be vigorously exploited by the Soviet Union to attempt to separate the United Kingdom and the United States. It should be noted, however, that the Soviet Union had not lived up to its threat to shoot at the base from which the aircraft took off — and they won't.

Mr. Pearkes said that in his view there had been a fundamental change in the nature of defence. There were three basic concepts: collective security, forces in being, and the need to build up and maintain a highly mobile force to assist in United Nations actions. With respect to the first of these, the man in the street still hasn't appreciated the significance of collective security and the idea that there should be foreign troops in our country while our troops serve abroad. Equally, the press and public opinion in Canada has not recognized that we must now have in continuous existence the forces necessary to win at the outset if trouble develops. At heavy cost we got away with mobilization programmes launched after the outbreak of hostilities in 1914 and 1939 but this is no longer feasible.

Mr. Gates agreed with Mr. Pearkes's remarks and said that this was one of the basic points of the 1953 "New Look."

Mr. Fleming said that apropos of Mr. Pearkes's comments, the attitude of the press and public in Canada with respect to defence, particularly during the past few months, had been difficult for the Government to deal with. It had been caused partly by the indecision of the United States Congress with respect to the BOMARC, and partly by a new manifestation of pacifist ideas. The main point of the argument that has been used is that there is no defence against nuclear missiles so why waste money on obsolete defence measures. What could Canada do in any case? Many people feel that Canada is not a part of the nuclear deterrent and that for us to get involved in it in any way is both hazardous and an encroachment on our independence. All this indicates the pressure to which the Government has been subjected, both in Parliament and in the press, and the difficulty that is experienced in justifying defence expenditures.

Mr. Gates said he felt that it was important that governments must provide unanimous leadership with respect to defence policy and not leave it to the defence minister alone to

justify it. The United States had the same problem as Canada and had adopted measures to organize public opinion to appreciate the need for an active defence programme. People will differ about what should be done but will respect the basic position taken as a consequence of government leadership. Collective concentrated effort is required.

Mr. Fleming said that in making his earlier comment he did not mean to suggest that Canadian Ministers had not collectively supported the defence programme. The fact remained, however, that, as indicated by the Gallup Poll, the Government had lost some ground and he believed that defence policy was a principal contributing factor. However, the Government was technically now in a better position because the uncertainty regarding the BOMARC had been removed.

Mr. Wigglesworth asked if it was not a fair statement that the arguments used against Canadian defence policy are applicable to most governments.

Mr. Fleming agreed that this was so but felt that Canada was more vulnerable because of the link between the Canadian programme and that of the United States, carrying with it implications with respect to Canadian sovereignty.

General Twining said he was satisfied that the Western world could fight a nuclear war and win it if all the allies stood together and supported each other.

ECONOMIC ASPECTS

Mr. Anderson said that the free world must have military strength and an economy which could support it indefinitely. He thought that both Canada and the United States had the necessary economic base and that it was simply a question of how we exercise and apply our resources. The United States, for its part, would continue to do what was essential and would be prudent in tackling first things first. It was not necessary to balance the budget every year but if the economy is to remain sound, it must be balanced over a period of years. In 1959, for example, the United States had a large deficit. However, 1960 is expected to provide a modest surplus and the present intention is to budget for a much larger surplus next year.

Mr. Anderson then gave a statistical report on the present state of the United States economy. He concluded by saying that the deficit in the balance of payments will be about $2 billion this year, as compared with $3.7 billion in 1959. This was an improvement, but even so such a deficit could not be continued indefinitely. The economic security of the United States was important to the security of the whole free world.

CONTINENTAL AIR DEFENCE

Mr. Gates opened the discussion of this item by referring briefly to the BOMARC. He said that before deciding to continue with this weapon, the United States had made very detailed studies to compare it with fighter aircraft. As a consequence of these studies, the Defense Department was satisfied that the BOMARC was the answer. In spite of this, the programme had run into serious opposition in Congress and had been saved only by the personal efforts of two or three people, one of whom was the President. He added that if the defence budget is further considered by Congress in August, it could be that the BOMARC programme might run into more trouble although indications were that Congress was interested in supplying increased funds for defence, rather than cutting back.

Mr. Fleming asked if he could be given an up-to-date appraisal of the position of the manned bomber threat.

Mr. Gates, in reply, said that the change to missiles would be gradual and that the rate of change had been greatly over-estimated. The manned bomber continues to be a major threat, and for many years it must be expected that any attacking force would use a combination of missiles and bombers. He referred to the B-70 bomber project; two prototypes of these aircraft

were being built and funds were available for expansion of the programme. There were no specific indications of Soviet intentions with respect to the bomber but it was the opinion of the United States that the missile threat was much more in the future than generally realized and that it was essential to maintain our defences against conventional attack. Indeed, the military authorities would like to increase these defences.

General Twining pointed out that the Soviet Union still has between 1,200 and 1,300 bombers, which can carry big loads and have the advantage over missiles of being recallable. Furthermore, they are more suitable for use in tackling difficult targets. It was important not to go overboard on any one system. He referred to the possibilities offered by the use of air-launched missiles such as Hound Dog and Skybolt. The United Kingdom believes that this development has a 10-year life and the United States agrees with this assessment.

Mr. Pearkes asked what was the current situation with respect to the missile programme as compared with the estimates of two years ago.

Mr. Gates said that extraordinary progress had been made when one considered that the programme had started from nothing five years ago. He cited Polaris as a particular example of the success that had been achieved. At the same time, the programme generally was extremely costly and many serious difficulties had been encountered. There had been some slippage in the Atlas programme, which was causing concern. It had been planned that there should be by this time two operational squadrons, each armed with nine Atlas missiles, plus a training squadron. The actual situation is that there is only one squadron with five missiles. In addition, of course, there are sixty operational Thor missiles in the United Kingdom.

Mr. Pearkes observed that what had been accomplished as opposed to what had been expected was probably a good indication of the difficulties also being experienced by the Soviet Union. *Mr. Gates* agreed and said that this was one of the reasons that the United States was convinced that the manned bomber would continue to be a threat for an indefinite period.

Mr. O'Hurley asked what was known about the number of ICBMs possessed by the Soviet Union. *Mr. Gates* replied that United States National Intelligence Estimates do not suggest that the Soviet Union has any extraordinary number of missiles at this time.

Mr. Fleming asked if, in the opinion of the United States, there had been any appreciable deterioration in the threat posed by the manned bomber during the past eighteen months. *Mr. Gates* replied decidedly not.

REPLACEMENT AIRCRAFT FOR THE CF-100

Mr. Gates said that in his opinion the first point to be settled in considering the question of a replacement aircraft for the CF-100 is that there must be a conviction that there is a need for modern interceptors in Canada.

Mr. Pearkes asked Mr. Gates if he believed that interceptors were necessary north of the United States boundary, or if the United States Air Force could cope with the situation operating from its bases in the United States.

Mr. Gates said that this question was hard to answer and depended in part on the availability of support facilities. Apart from financial considerations, it was desirable to have aircraft stationed as far north as possible.

Mr. Gates then referred to the proposal which had been under discussion for some time whereby the United States would sell to Canada sixty-six F-101B aircraft for $105 million, and would buy CL-44 aircraft to the value of $155 million. There was a supplementary problem in connection with the F-101B in that additional to the aircraft themselves, the RCAF would require spares and ground handling equipment at a cost of approximately $47 million. He said that from the point of view of the United States, the procurement of the CL-44 could not be

justified unless it was matched by Canadian procurement of the F-101B. The CL-44 was a good transport aircraft but was expensive and would create logistic problems for the United States Air Force. The only way the Department of Defense could justify buying the CL-44 would be in terms of having thus been able to assist the introduction of a modern interceptor into the Canadian air defence system.

Mr. Fleming explained that the decision to cancel the CF-105 project, taken eighteen months ago, opened the Government to the charge that it had slaughtered a Canadian industry only to put itself in the hands of the United States. For this reason, Canada too could only justify obtaining the F-101B on the grounds that it was a part of an advantageous deal. He added that no final instructions had been issued by the Cabinet to Ministers and that all they could do was to report back after the meeting of the Committee on Defence. No matter what the decision, the Government would be criticized.

Mr. Gates said that he would not be able to sell the proposal in the United States on the grounds of being good business but, rather, as a means of improving continental defence.

Mr. Fleming replied that the Canadian Government would have to justify it, not only on defence grounds but also as good business. The terms of the proposal were, therefore, of great importance to the Government.

Mr. O'Hurley said that in order to make the proposal at all palatable, the cost of the spare parts and ground-handling equipment would have to be substantially reduced, preferably to zero. *Mr. Gates* replied that the United States could go part way but not all the way.

Mr. Fleming said that it was his understanding that if the proposal was adopted, Canada would be buying the F-101B aircraft from the United States Government and that the United States would be buying the CL-44s from Canadair Limited, presumably through the Canadian Commercial Corporation. He understood also that the F-101Bs would be paid for over a period of three Canadian fiscal years (two United States fiscal years) with only a small payment required in the current fiscal year.

Mr. Pearkes said he would like to make it clear that when Canada cancelled the CF-105 it was well aware that the threat from the manned bomber continued to exist, otherwise it would not have decided to acquire the BOMARC. The point is that ICBM development has not progressed as rapidly as anticipated and, therefore, the bomber threat has not diminished as much as expected. Another point which had been taken into account by the Canadian Government in connection with the CF-105 decision was that United States plans at that time called for a much wider distribution of the BOMARC than is now the case. Canada is faced with the need for more protection in the West and it should not be entirely a Canadian responsibility to fill this gap.

Mr. Gates then proposed that the question of the $47 million for spares and ground-handling equipment be resolved on the same one-third/two-thirds cost-sharing formula which has been used before in a number of other continental defence projects. For political reasons he considered it important that a decision on the whole proposal should be reached quickly.

Mr. Fleming agreed on the need for an early decision and said the matter would be referred at once to Cabinet with a view to obtaining a decision as soon as possible.

EXERCISE SKY SHIELD

Mr. Gates said that in connection with press arrangements for Exercise SKY SHIELD, the United States would like to propose that the date of the exercise be included in the press release. In addition, it is considered that it would be desirable that press arrangements be centralized at NORAD Headquarters. Finally, he thought that the omission of any reference to Strategic Air Command in the press release would only lead to unnecessary press speculation and comment. The United States did not wish to make publicity for the Strategic Air

Command but, rather, considered that controlled publicity was the best way of ensuring that the exercise did not receive undue attention in the press. Mr. Gates then gave to Canadian Ministers a proposed public relations guidance document and requested their comments on it.

Mr. Green said that the Canadian Government would be prepared to include the date of the exercise in the press release and would also be prepared to delete the references in the release to "testing" the air defence system. He explained that the Government would prefer not to mention the Strategic Air Command participation and wished to play down the exercise as much as possible. With respect to public relations guidance, Canada would want all planned announcements to be cleared through the Government-to-Government channel in advance of their release. He undertook to consult the Cabinet on the proposed public relations guidance document and pass on the Government's views through the Canadian Embassy in Washington to the State Department.

NUCLEAR WEAPONS POLICY

Mr. Merchant referred to the negotiations in respect of the proposed agreement to provide for the storage of air-to-air defensive nuclear weapons at Goose Bay and Harmon Air Force Base. He said that the United States was prepared to accept the Canadian draft of the agreement prepared in March provided two points could be met. The first was the inclusion in the agreement of a provision to the effect that the procedures regarding Canadian control over the movement of the weapons in Canada would not impair the right of the United States to return the weapons to the United States whenever it might deem it appropriate. The second point was that the United States would wish some status to be given to the informal explanatory comments provided by the Canadian Ambassador at the time he presented the draft agreement to the State Department for consideration last March. He added that the United States desired and intended that both the agreement itself and the statement of explanatory comments should remain classified SECRET.

Mr. Green said that it might be possible to meet the first point raised by the United States by the insertion of a new paragraph 8 in the annex to the draft Exchange of Notes, to read as follows:

> "The above provisions will be applied in such a manner as to permit the return of the weapons to the United States at any time at the request of the United States Government."

He added, however, that this matter, and also the question of giving status to the explanatory comments of the Canadian Ambassador in Washington, would have to be considered by the Cabinet.

Mr. Merchant expressed the hope that the United States proposals could be considered at an early date with a view to the completion of the negotiations as soon as possible.

Mr. Merchant then said that it had been the understanding of the United States that it was the wish of the Canadian Government to complete the negotiations regarding the storage of defensive weapons at Goose and Harmon before considering other United States requests for the storage of nuclear weapons in Canada. Since the Goose-Harmon negotiations seemed to be near completion, perhaps some consideration should be given at this time as to which request should be next in line for discussion. He was inclined to think that the request to store nuclear anti-submarine weapons at Argentia might be the most logical, since it should be possible to apply the same general principles as embodied in the Goose-Harmon agreement. In other words, there could be joint control over storage of the weapons at Argentia and during their transit through Canadian waters.

Mr. Fleming pointed out that an Argentia agreement would involve an additional problem — namely, that of Canadian territorial waters. Would Canadian control over nuclear weapons carried in a ship cease when it moved out of these waters?

Mr. Pearkes said that if there were to be an agreement for the storage of nuclear weapons at Argentia, presumably we would require an arrangement for the movement of ships similar to the "overflight" agreement governing the movement of aircraft carrying nuclear weapons in Canada. *Mr. Irwin* thought that an arrangement of this nature should be feasible.

Mr. Green pointed out that the Canadian Government was committed to the principle of joint control over nuclear weapons stored in Canada. Moreover, the Government's position is that it will permit only defensive weapons to be stored in Canada. He did not see how Canada could exercise control over such weapons once they were removed from storage at Argentia and transferred to a United States naval vessel. Canadian control would, therefore, have to be exercised at the time of release of the weapons from storage at Argentia.

Mr. Pearkes then raised the question of acquisition of nuclear weapons for Canadian forces both in Canada and in Europe.

Mr. Irwin explained that nuclear weapons for use by NATO forces in Europe are held in NATO stockpiles under the control of SACEUR in his capacity as Commander of United States forces in Europe. The storage sites are in the sole custody of the United States, although these storage sites, in some cases, are situated in a larger depot of another NATO country. In order to make nuclear weapons available to Canadian forces in Europe a stockpile agreement with the United States is required, with General Norstad acting as the agent of the United States. The host country is also involved.

Air Marshal Miller said that what was required was a general agreement with the United States Government, following which detailed agreements would have to be worked out for the stockpiling of warheads to meet the requirements of the Canadian Brigade and the Air Division.

Mr. Pearkes expressed the view that it would be desirable to start these negotiations now so that the necessary negotiations and arrangements for storage of the warheads could be completed by the time the CF-104s and 762 mm. rockets are delivered to our forces in Europe.

Mr. Irwin agreed and said that the problems which have to be faced will show up most clearly if the negotiations are launched.

Mr. Green said that the Canadian Government had many questions to resolve before taking a decision on this matter. He asked if his understanding was correct that the United States and the United Kingdom were at present the only countries that possess these weapons.

Mr. Irwin said that so far as actual custody was concerned, Mr. Green's understanding was correct, but it should be appreciated that stockpile agreements have been made with the United Kingdom, Germany, the Netherlands, Greece, Belgium and Turkey, and are in course of negotiation with a number of other NATO countries so that weapons could be released to them for use if it ever becomes necessary.

Mr. Fleming asked what arrangements would be necessary for the provision of warheads for the BOMARC missiles in Canada.

Mr. Irwin replied that this could be included as a part of a general agreement between the United States and Canada concerning the provision of nuclear warheads for Canadian forces, both in Europe and Canada. Alternatively, there could be two agreements, one for Europe and one for Canada. So far as BOMARC was concerned, he envisaged that the warheads would be mated to the missiles. He described the arrangements for Thor missiles in the United Kingdom, where both the British commander and the United States representative had keys to the firing switch. The missiles could not be fired unless both keys were inserted in the switch. He thought a similar arrangement might be suitable at the Canadian BOMARC bases. He added that the number of United States personnel required at the bases in order to comply with the

provisions of United States law regarding possession of the weapons would be very small, perhaps a dozen.

Mr. Fleming expressed the view that if and when any agreements were concluded there should be separate agreements to cover provision of weapons for storage in Canada and for storage in Europe.

Mr. Gates suggested that if any Canadian officials concerned with these matters were going to Europe, it might be useful for them to visit both a United States-operated storage depot and one of another NATO country which is involved in the stockpiling agreements. This might give a useful picture of the mechanics of the operation.

PRODUCTION SHARING

Mr. O'Hurley opened the discussion on production sharing by making the following points:

(a) United States orders placed in Canada during the first half of 1960 are down substantially from 1959;

(b) Canadian orders placed in the United States during the first half of 1960 are up substantially from 1959;

(c) There does not appear to be any prospect, unless drastic steps are taken, that this very large imbalance will change in the near future, partly because the production programmes for air defence, in which Canada had expected to participate extensively, have been cut back, and partly because major Canadian programmes have been launched which require substantial procurement from the United States;

(d) During the past eighteen months, the value of Canadian defence production procurement in the United States totalled $225 million, whereas the value of United States orders placed in Canada was only $122 million;

(e) United States officials have freely cooperated in the effort of the Canadian Government to make a success of the defence production sharing programme, but despite their help the objectives of the programme are very far from being realized. This is a discouraging situation.

Mr. Golden said that the status of contracts placed indicates that the situation will not improve, and *Mr. O'Hurley* expressed the view that the only way to balance the programme would seem to be by allocation of United States contracts to Canadian suppliers.

Mr. Fleming commented that the problem had serious political as well as economic implications. At the Camp David meeting of the Committee, the principle of defence production sharing had been reaffirmed and, because of this, Canadian Ministers had publicly indicated their expectations for the success of the programme. Now they would undoubtedly be called to account in Parliament and in the press.

Mr. Golden said that officials of both countries believed that the programme made sense and that over the long term it should be possible to reach an appropriate balance. However the short-term situation is extremely poor.

Mr. Gates said that the United States Administration was in trouble over allocation of contracts and *Mr. Anderson* observed that the provisions of the Buy American Act with respect to exclusions were not really applicable to this problem. He also referred to the difficulty caused by pressure from United States industry and to the political problem of the next four months.

Mr. Fleming said that the defence production sharing programme had implications with respect to the general balance of payments problem, which of course was a matter of concern to the Government. In answer to a question from Mr. Anderson, he said the situation this year with respect to the balance of payments was somewhat better than last year but nevertheless was still not satisfactory.

Mr. O'Hurley asked whether it would be possible to allocate sub-contracts to Canadian industry. *Mr. Gates* said that it could not be considered, as prime contractors would regard such action as an infringement of their responsibility.

Mr. Golden asked if, in the event that the United States gives military assistance to Belgium, the Netherlands and Italy for the procurement of F-104 aircraft, the business might be directed to Canadair rather than Lockheed.

Mr. Anderson said that no decision had been taken to provide MDAP funds for this project. The Central European balance of payments situation made it hard to justify further MDAP. Furthermore, Mr. Golden's suggestion would constitute off-shore procurement, which causes difficulty for the United States.

Mr. Fleming pointed out that the problem for Canada is not just one of current figures, it is the absence of any prospect for improvement for the foreseeable future.

Mr. Gates suggested that the situation might be explained in terms of the difficulties of amending the Buy American Act and the depression in the United States aviation industry in an election year.

Mr. Golden said that the areas in which he could see action being taken which would be able to affect the picture in the near future were the F-104, radar, SAGE and other improvements in air defence. However, if a significant volume of business in these areas was to be directed to Canada, allocation would be necessary. He said that the long-term prospects for the purchase of the Caribou aircraft by the United States were good but that it would not help immediately to remedy the imbalance.

OUTER SPACE

Dr. Hugh Dryden gave the Committee an account of the United States Government's programme of space exploration. The National Aeronautics and Space Agency was established in July 1958, when it took over the activities formerly conducted by the National Advisory Committee on Aeronautics and was given the task of conducting the Government's non-military activities in aeronautics research and in space research and development, and to co-operate with and support Department of Defense activities in these fields. NASA's general objective is the preservation of the rôle of the United States as the leader in the fields of space science and aeronautics. NASA has a staff of 17,000, of whom 2,500 are contract employees. Its current budget is $915 million, of which approximately seventy-five percent goes in one way or another to industry.

Dr. Dryden said that there were three specific NASA objectives with respect to outer space. First is the space science programme, which involves the use of unmanned vehicles for obtaining basic information about outer space. Second is the application of earth satellites to immediate needs, for example TRANSIT (a satellite system to serve as an aid to navigation); Project Echo (a system involving the use of satellites as global radio transmission links); MIDAS (the use of satellites to detect missile firings by infrared radiation); and SAMOS (the use of satellites for photographic reconnaissance). These latter two projects, if successful, will provide additional warning time in event of surprise attack, and their development has the highest priority. The third objective is the exploration of the problems of the travel of man in space — Project Mercury.

Dr. Dryden said that nearly half of the NASA budget was being directed to the development of space vehicles with greatly increased thrust. One new engine — SATURN — will have a thrust of 1.5 million pounds. The possibility of a nuclear rocket is also being investigated (Project Rover).

With regard to activities in the near future, *Dr. Dryden* said that before October 1, a further attempt will be made to have a satellite orbit the moon. Several Mercury capsules are to be

fired during the next four months, and before the end of the year it is planned to have a man travel for a few hundred miles on a ballistic path. Next year it is hoped that a man will be placed in orbit. Some time toward the end of the ten-year period, a man should be able to orbit the moon and return to earth.

Dr. Dryden then commented briefly on efforts made by the United States towards international co-operation in space research. He referred particularly to the programme of co-operation with Canada. This includes arrangements for the inclusion of Canadian "pay-loads" in United States satellites for investigating the properties of the ionosphere, and also the firing of sounding rockets at Forth Churchill. The work at Fort Churchill is of great importance because it is in an area of polar radiation. In this connection, he asked about the publicity policy with respect to these activities at Fort Churchill.

Mr. Green said that it was the desire of the Canadian Government to avoid publicity about rocket-firing activities at Fort Churchill.

Mr. Zimmerman said that while the Canadian programme in space research is relatively a modest one, a wide variety of studies carried out by government agencies and by universities are related in the broad sense to space research. In particular, the presence of the auroral zone in Canada has provided Canadian scientists with unique opportunities for auroral and ionospheric studies. During the period July 1960 to June 1961, the Defence Research Board plans to launch twelve upper atmosphere rockets and the National Research Council, together with Canadian universities, four. The Defence Research Board is also instrumenting a satellite, the "topside sounder," which is scheduled for launching by NASA from a range in the United States late in 1961 or early 1962.

Mr. Gates expressed some interest in Canadian production of solid propellants as a possible item for production sharing, and it was agreed that this should be looked into.

NATO LONG-RANGE STUDIES

Mr. Merchant said that in accordance with the proposal made by Mr. Herter at the NATO Ministerial meeting in December, 1959, studies were now going forward in the Departments of State and Defense, and under the direction of Mr. Bowie, with a view to being able to have them ready, along with similar studies carried out by other NATO countries, for consideration in the Permanent Council in September. It is hoped that by the time of the December Ministerial meeting, plans would emerge which could be considered by the Council.

The United States would be glad to have an informal exchange of ideas with Canada and suggested that the best time would be later in the summer when United States thinking is advanced, but before the Government takes a position.

Mr. Green referred to the problem of consultation in NATO, which he regarded as being one of the important points requiring consideration in the development of long-range plans. He said that Canada, as an advocate of consultation, had found that the shoe was on the other foot during the recent disarmament negotiations.

Mr. Merchant agreed that this was a difficult problem. At one extreme was the French desire for institutionalized tripartite consultation. This the United States could not agree to. At the same time, there were some legitimate areas of tripartite consultation. The United States position is that it is opposed to the establishment of any sort of directorate, but it will consult with any country which wishes to do so, at the same time keeping NATO informed.

Mr. Green asked if the Germans had evinced any particular interest in getting into the "inner club." *Mr. Merchant* replied that they had not, rather it was the Italians who seemed keen to do this.

MEDIUM RANGE BALLISTIC MISSILES FOR NATO

Mr. Gates said that the United States was interested in establishing the principle that medium range missiles should be in Europe under SACEUR, and in developing at least something of a missile capability in being. He felt that it is generally agreed that the military requirement is valid and that the problem is essentially a political one arising out of the position taken by the French Government.

In reply to a question about the need for a decision by September, as requested by the United States representative when he submitted the Polaris proposal to the North Atlantic Council, *Mr. Gates* said that there are two aspects to be considered. The first relates to the desirability of knowing whether there should be further production of the 1,200-mile version of the missile before it is phased out in favour of a 1,500-mile version. The second is that if General Norstad's requirement that he should have a missile capability in 1963 is to be met, production must start soon and before the end of the year.

Mr. Gates said that the question of whether Polaris would be operated by United States forces or by those of other NATO countries had not been resolved since it was an aspect of the difficulties with France. He did not think that any sort of NATO atomic policy was feasible, taking into account the present attitude of the Congress.

LAW OF THE SEA

Mr. Green referred to discussions which had been going on between Canada, the United States and the United Kingdom regarding a possible convention on the breadth of the territorial sea. He hoped that a decision could be reached as soon as possible by the United States on the Canadian and United Kingdom proposals for action in this matter, as time was of the essence. Mr. Gates undertook to provide an answer shortly.

DISPOSAL OF SURPLUS MILITARY EQUIPMENT AT UNITED STATES BASES IN CANADA

Mr. O'Hurley said that for many years surplus equipment at United States bases in Canada had been sold by Crown Assets Disposal Corporation under the terms of an agreement made in 1951. The disposal of heavy equipment, such as bulldozers, scrapers, trucks, etc., is meeting with severe criticism from Canadian dealers in this type of equipment since they regard it as unfair competition. The Government is, therefore, reviewing the current policy and it may be necessary to reconsider the terms of the 1951 agreement.

PEPPERRELL AIR FORCE BASE

In answer to a question from Mr. Pearkes about what is to happen at Pepperrell Air Force Base now that it is being closed down, it was explained that the United States is contemplating abandoning the lease. Canadian officials are seeking a legal opinion from the Department of Justice as to whether the base reverts to the Canadian Government or to the Newfoundland Government.

Mr. Fleming said that during a recent visit to St. John's, he had been struck by the deep regret of the citizens of the area at the departure of the United States forces. They had made many friends and would be greatly missed.

DATE AND PLACE OF NEXT MEETING

The Committee agreed that the date and place of the next meeting should be arranged later.

COMMUNIQUÉ

After some discussion, the Committee approved the text of the communiqué to be issued at Uplands Airport. The text of the communiqué is attached as Appendix I.[114]

OTHER BUSINESS

Mr. Anderson expressed the warm appreciation of the United States members for the hospitality extended by Canada, and for the arrangements for the valuable consultations just concluded. *Mr. Green*, in reply, expressed the pleasure of the Canadian Government that it had been able to reciprocate the hospitality offered at Camp David, and said he looked forward to future meetings of the Committee.

303. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], July 14, 1960

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Solicitor General and Acting Secretary of State (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

CANADA-UNITED STATES COMMITTEE ON JOINT DEFENCE; PRESS CONFERENCE BY U.S. SECRETARY OF DEFENCE

(Previous reference July 8)

1. *The Prime Minister* said the remarks made by the United States Secretary of Defence at a press conference after the Canada-United States Committee on Joint Defence to the effect that nuclear warheads for Canadian BOMARCs could be released for use and fired only on the

[114] Voir « Comité ministériel canado-américain de défense commune », *Affaires extérieures*, vol. 12, n° 8 (août 1960), pp. 739 à 740.
See "The Canada-United States Committee on Joint Defence," *External Affairs*, Vol. 12, No. 8 (August 1960), pp. 736-737.

authority of the President of the U.S.[115] were unfortunate at this time. The meeting with the press should not have been arranged. In the circumstances, he considered he would have to make it clear that, in the last analysis, Canada would decide if the warheads would be used and, that the reason for the length of the negotiations on the acquisition of warheads for Canada's forces was to ensure that the government did not intend to have control over their use in the hands of the U.S. If Canada were to agree now to the proposed arrangements for U.S. interceptor aircraft at Goose Bay and Harmon Field in respect of the MBI defensive weapons, it might be that the government would lose some bargaining power over warheads for Canada's forces.

2. *During the discussion* the following points emerged:

(a) The press accounts pointed to the early conclusion of the agreement on U.S. weapons for interceptors stationed at Harmon Field and Goose Bay in order to clear up misunderstandings. The U.S. had agreed to the government's terms with the only outstanding point being that of the return of the warheads to the U.S., which had been virtually resolved.

(b) At the Montebello meeting, the U.S. side had explained the arrangements necessary for the storage of warheads outside the U.S. in order to comply with U.S. law. In the case of the BOMARC, the warhead would be on the weapon and a U.S. and Canadian serviceman, each with a key, would be at the site. Alternatively, if the warheads were not on the missiles they would be stored in an "igloo," in charge of U.S. personnel, within the confines of the Canadian base.

(c) The U.S. might have to change its law because there could be no element of U.S. sovereignty over Canada.

(d) The U.S. would probably agree to the same terms for warheads for Canada's forces as those in the proposed Goose Bay and Harmon Field arrangements, which now appeared to be acceptable.

(e) By moving slowly, it could be said that the Opposition were anxious to do everything possible to ensure Canadian acceptance of nuclear weapons.

3. *The Cabinet* noted the report and the discussion on the question of nuclear warheads for United States interceptors at the leased bases at Goose Bay and Harmon Field and for Canada's Forces.

. . .

[115] Voir/See "U.S. Wants to Control A-Bomarcs in Canada," *Globe and Mail*, July 14, 1960, pp. 1-2.

SECTION E

FUTURE POLITIQUE EN MATIÈRE DE DÉFENSE
FUTURE DEFENCE POLICY

304. DEA/50309-40

Note du greffier du Conseil privé
pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Clerk of Privy Council
to Under-Secretary of State for External Affairs

SECRET [Ottawa], January 19, 1960

I am sending you herewith a copy of the paper on defence policies and their relation to disarmament which Dewar prepared, about which I spoke to you the other day.

I do not agree with all that Dewar says about air defence, the usefulness of which I think he under-rates, nor do I think he takes sufficiently into account the extent to which our policies and actions must be related to the position and policies of the United States. On the other hand I thought he had some useful and provocative ideas in this paper, which your officers might find helpful when they are working on these problems.

I hope to get some chance to think about these matters in the next few weeks and would welcome any comments which you could send me or any of the papers being produced in your own department for consideration in this important field.

I am not proposing to give this paper to the Prime Minister unless at some time I give it to him along with my own ideas as an example of the work being done in the office here.

R.B. B[RYCE]

[PIÈCE JOINTE/ENCLOSURE]

Note du Bureau du Conseil privé

Memorandum by Privy Council Office

SECRET [Ottawa], January 7, 1960

THE DEFENCE PROBLEM

Introduction

This country, along with a number of others, is going through a period of uncertainty about its defence policy and programmes. This uncertainty has not perhaps reached the point where we could be said to have a crisis about defence policy, but there is not much likelihood that the problem will grow smaller in the coming months and years. The doubts and dissatisfactions are too deep to be dispelled quickly, and coming events may very well intensify them.

2. The unease and dissatisfaction which is evident among editors, teachers, students and citizens at large expressed itself in several forms. The Government is charged with easy acceptance of a United States defence policy which is characterized as being sterile at best and provocative at worst. We are urged to take an independent line, to slash the defence budget, to concentrate on economic assistance and even to disarm unilaterally. Part of the malaise about defence is, of course, due to the fear of the consequences of war in a time of mass annihilation weapons, a fear which is quite natural but is not a good guide to policy. The suggestions made about policy, however, also spring from a widespread belief that we are spending a great deal

of money and are getting in return a more dangerous world and no defence against it. We are thought to be paying heavy dues in a club whose policies we cannot determine, and which seems to have found no solution to our problems but to build up more armaments. The public demand for some political action to try to break up the cold war has already had effect; we are entering a period of negotiations at a high level on basic issues. But in Canada the problem of our defence policy in this period will continue and will indeed grow more difficult. For as armaments have been a result of the cold war, they have also been a cause of it. Disarmament must therefore be one of the principal objectives in the negotiations now beginning if they are to get at the sources of the cold war. Proposed defence policies in the period ahead of us must therefore be examined not only to determine whether they are the best for purposes of defence; they must also be appropriate for a period when we are trying to achieve disarmament.

3. The frustration about defence which has been evident recently may also be due, in part, to a widespread misunderstanding of the purposes of Western defence policies. These policies have, for several years, had as their cornerstone the concept of deterrence. After the creation of NATO there was built up a significant (if not great) collection of conventional forces in Western Europe, which included a body of Canadian and United States forces. These latter units were probably more important as a proof of North American intent to honour the collective defence provisions of the NATO Treaty than they were intrinsically as forces. Its commitment to Europe having been made clear in this way, the United States developed an increasingly strong strategic air force with nuclear weapons to act as a deterrent against Soviet attack on any territory considered vital by the United States.

4. These "vital areas" were not all clearly designated as such but were understood to cover not only Western Europe, but, through a complex of alliances and treaty organizations, most of the "committed" free world. These areas have been held secure, but the awfulness of the threat that has protected them, combined with the recognized possibilities of miscalculation and local incidents, have led the United States, in NATO and elsewhere, to encourage the retention and strengthening of conventional forces along the borders of the Soviet world, which could deter minor attacks and blunt or at least identify full-scale attacks. The main purpose of these forces, of which the NATO Shield is the most prominent example, is to make it clear to the Soviets that minor incursions would be dealt with and that more significant aggressions would be recognized as such and held at least partially until the strategic air force could retaliate.

The Deterrent and Continental Defence

5. It is essential to recognize that this system of deterrence, which has so far been successful, represents a deterrence against war. It is, given Soviet capabilities and Soviet initiative, of little use as a retaliatory force should it fail in its major purpose. It is very little consolation to the people of the Western countries to know that once they have been devastated, their suffering would be revenged. The fact is that the manifest capability of retaliation has represented the real defence policy of the West for years, the only exception being our ability and willingness to meet small incursions with small conventional forces. It has not been, is not, and cannot be possible in the foreseeable future to defend the West, including North America, by active defence measures if the Soviets determine to attack us or if they attack through fear or miscalculation. The half-belief in the possibility of active defence of North America against such a massive attack has nevertheless persisted, partly because people have historical imaginations, and governments have not made the impossibility clear to people. As a result of this misconception, governments have been expected by the people to provide a defence in war as well as a deterrent against war. The inevitable failure to do so has created acute dissatisfaction with defence policies, particularly since the attempt has been so costly.

6. Canada has been particularly afflicted by this problem because of our location almost within the main target complex of an attacking enemy and because our resources, being

comparatively limited, have had to be spread thin. We could perhaps have avoided some of our troubles by a sterner examination, in the past, of what was possible in the realm of defence and of what we were best able to do; be that as it may, our course for the future has to be determined.

7. In the first place, it is clear that Canada cannot be defended from attack from the air; no matter what energies we or the United States expend, any conceivable active air defence system would be overwhelmed by the massive offense of a determined enemy. As long as he uses manned bombers for an attack, we cannot achieve the almost total defence against them that would be necessary to save this continent from a crippling blow. The same is almost certainly true in respect of submarines carrying missiles; indeed the difficulty here is compounded by the great difficulty of detection and assessment of intent. In the impending era of intercontinental missiles, even a marginal degree of attrition will be impossible unless an unforeseen technological breakthrough is achieved in the field of anti-missile defence. It is frequently argued that active air defence must be maintained for the purpose of defending the retaliatory forces on their bases until they can get airborne to mount a counter-assault, that to fail to do so would detract from the credibility of the deterrent. It is, however, very doubtful in the bomber era whether a defence system that cannot defend cities can be relied upon to defend bases if the enemy attacks them with a saturating offence. The emphasis placed by SAC for years on immediate response to warning of attacks is an admission of this situation. In any case, these bases cannot be defended against missiles. The only true defence that can be given to the retaliatory capability is the time provided by warning of attack, either by bombers or by missiles. The techniques and instruments of warning should be as good as it is possible to make them.

8. If this judgment about the inevitable inadequacy of active defence against air attack by bombers or missiles or against sea-borne missile attack is accepted, it follows that a change of emphasis should be made in Canadian defence policy. There should be no more effort made to provide air defence for Canada either in terms of interceptor aircraft, or of BOMARC or other anti-aircraft missiles. The installation of SAGE and associated PINETREE improvements, insofar as they are concerned with aircraft control rather than identification, should not take place. It is doubtful whether Canada should acquire nuclear anti-aircraft or anti-submarine weapons. It should be considered whether the Navy, which cannot actively defend us against an assault by missile-bearing submarines, should not be given instead the duties of a coast guard, of a standby force for use in limited (and conventional) wars, and of trying to develop a reliable warning system to detect and assess the intentions of submarines.

9. It is doubtful whether a replacement for the CF-100 in Canada will be necessary unless the present aircraft cannot be made satisfactory for the identification role. The emphasis should be placed on obtaining warning of attack. If necessary, the DEW Line and Mid-Canada Line should be made more reliable by extension or improvement; the warning system against ICBM's should be developed and built as quickly as possible; an effort should be made to devise and install the best possible means of detecting and identifying missile-carrying submarines. Canada should participate in the research and testing of possible anti-ICBM systems, to the extent that this country is able to make a contribution, because of the need to examine the possibility of a technological breakthrough in this area. Finally, this country should contribute to the credibility of the deterrent by agreeing, when possible, to such United States requests as might be made in connection with the maintenance of an airborne alert or the provision of SAC refuelling or landing rights in Canada.

The Shield and Disarmament

10. The shield forces of NATO in Western Europe face admittedly superior Soviet forces. The concept of the shield has been made necessary and has also been made valid by the

existence behind it of the United States retaliatory force. The shield is necessary in order to deal with small probing attacks or confused border incidents without bringing into play the retaliatory force which would be excessive in such cases. The shield has validity, despite its comparatives weakness, because any large-scale Soviet attack on it would bring into play the retaliatory force. It has, therefore, both a "fire-brigade" and a warning function, both of which are necessary to the Western aim of preventing a major war.

11. Since Western Europe is an economic and political necessity for Canada, and its security is therefore a primary aim of our defence policy, it is necessary for Canadian and United States forces in Europe under NATO Command to remain there so long as their presence is necessary to European security. Any significant withdrawal of Canadian forces might have as its result the development of very strong pressures on the United States Government to "bring the boys home" also. Such an eventuality would very seriously weaken the defence of Western Europe, because the removal of United States forces from the continent would invalidate the warning concept of the shield; the guarantee that the major deterrent in the hands of the United States would be brought into use to defend Western Europe would be greatly weakened, and it is questionable whether a high degree of rearmament on the part of Western Europe itself could be expected to fill the gap that would be left.

12. Indeed, such an attempt at an accelerated rearmament in Western Europe might be disastrous for a quite different reason than that it might prove inadequate. If the countries of Western Europe felt they had lost the guarantee of protection by the United States deterrent force, they would undoubtedly go ahead by some sort of co-operative action to create a nuclear deterrent of their own. The existence of major retaliatory forces in Western Europe, close to the pointes of border friction with the Soviet Bloc, would dangerously lessen the possibility of dealing with limited incidents by small conventional forces. For the European powers, in creating a nuclear deterrent, would almost certainly have to economize drastically on conventional forces, being unable to maintain both. If their deterrent appeared weak, if the political arrangements to authorize its use seemed faulty, or if a nuclear offensive capability came into the hands of a power, such as Germany, which they distrusted, the Soviets might be tempted to attack. For a number of reasons the existence of a nuclear deterrent force in Western Europe would tend to increase the likelihood of a major war.

13. Similarly, the recent tendency, promoted by the United States to strengthen the shield by the introduction of atomic firepower is unfortunate because it lessens the ability of the shield to act as a "fire-brigade." To the extent that the shield is dependent on nuclear weapons for its operations, it is incapable of dealing with probing attacks or border incidents without contributing to the danger of their spreading into general war. As long as the process of nuclear arming of the shield continues, the shield forces will increasingly lose their special value as a buffer and tend to become a part of the deterrent. Like the major deterrent, they will become too dangerous to be used in small incidents and we shall be more and more in danger of having to choose, when incidents occur, between accepting a limited defeat and initiating a major war. The loss of the special nature of the shield for the dubious benefit of more firepower in Europe should be discouraged.

14. Europe will be an area of crucial importance in the disarmament talks that will be getting underway early in 1960. It is almost inevitable that proposals for an area of disarmament, inspection and control in Central and Western Europe will be considered at an early stage. In these talks, the position of the shield forces will be of crucial importance.

15. It must be admitted that the shield concept will be increasingly difficult to maintain in the years ahead. As the deterrent becomes less dependent on aircraft and short-range missiles as delivery vehicles, and ICBM's and Polaris-type weapons come into the United States arsenal, the dependence of the United States on Europe will decrease. In these circumstances, the

United States, which is less dependent economically than Canada on the existence of a secure and friendly Western Europe, in any case, may be tempted to withdraw its forces from Europe. If they are withdrawn the shield concept will be invalidated. One result of this situation might well be an increase in the danger of major war, for the reasons given above; another result would almost certainly be the further growth of tendencies in Western Europe toward political and economic isolation. The avoidance of both these circumstances must be an objective of Canadian policy.

16. Canada is in a position to try to head off these dangers by diplomatic activity in two ways. In the first place, this country, recognizing that the shield concept may not be tenable in the long run, should make use of its membership in the Ten-Power Disarmament Committee to promote the creation in Europe of a system which could provide the same security against war as the shield forces do but by other means. Such a system would have to have the capability of dealing with and "insulating" revolts and border incidents and of deterring major attacks; it would also, of course, have to contribute to the progress of disarmament. What is probably required is a zone of considerable size in which progressive disarmament would be implemented and in which control and inspection would be carried out by an international police force also capable of dealing with incidents. This international force, if it is to have a deterrent feature similar to that possessed by the shield, must contain United States and presumably also Soviet components but must not possess nuclear weapons.

17. Such a system would be difficult to achieve, and much time would be needed for devising it and obtaining agreement on it. In the meantime, Canada should impress on the United States the necessity of maintaining in Europe the Canadian and United States contributions to the shield as a measure to prevent the development of a nuclear deterrent force in Western Europe which would increase the danger of war.

18. Agreement on a European disarmament and security system such as the one suggested above could not be obtained until a greater degree of trust than exists now had been achieved between the Soviet and Western powers. To this end, and as a test of Soviet intentions about disarmament, the West should consider offering to the Soviet Union earlier in the disarmament negotiations the removal of nuclear weapons from the NATO shield forces in return for a comparable concession from the Soviet side and subject to inspection. Besides providing a beginning for disarmament and inspection, the removal of nuclear weapons from the shield would, as suggested above, be a distinct gain because it would restore to the shield the character it must have if it is to carry out its proper function.

19. If such an approach to the disarmament negotiations is agreed upon, certain other minimum decisions about the shield should be taken now also. It should be agreed that the withdrawal of Canadian or United States forces from Europe will not be decided upon in the forthcoming period of negotiations; any such decision would seriously weaken the negotiating position of the West. It should also be agreed among the NATO powers that there will be no further nuclear arming of their forces in Europe until the disarmament negotiations have had a fair trial. Such a decision, made known to the Soviets at an early stage, would give them a reason for trusting the seriousness of Western intentions at the very outset of the disarmament talks and would require them to indicate their own intentions. A moratorium on the introduction of nuclear weapons into the shield would thus be the first stage of a disarmament proposal to be disclosed in three stages by the West, as progress in the disarmament negotiations warranted it; the second stage would be removal of nuclear weapons from the shield and from comparable Soviet forces, and the third stage would be the establishment of a European disarmament and security zone inspected, controlled and policed by an international force.

Other Defence Roles for Canadian Forces

20. The possibility remains that circumstances may arise in which the Canadian Government may want to use Canadian forces for national, collective or United Nations duties as fighting units. Limited wars may well occur around the peripheries of the Soviet and Western Blocs, for instance in the Middle and Far East. The uncertainty of the Western reaction to such conflicts may well, indeed, be a good reason for expecting them to occur. Another good reason is that a system of deterrents has been erected which creates the environment in which conflicts are forced into a limited character. It is most likely that Canada will want to, or will be asked to contribute forces if such wars occur, particularly since this country is one of the few besides the great powers with the sophisticated military knowledge to supply key components to forces for limited wars. The provision of suitable standby forces in Canada for such wars should be one of the objectives of Canadian policy. These forces should probably be mainly from the army, and they should be air transportable; some RCAF and RCN units should also perhaps be trained, equipped, and held in readiness for limited war duties. Indeed, it may be that practically all branches of the Canadian force may make their greatest contribution to the defence of the West and of Canada if they concentrate on preparation for limited wars. This preparation would involve, among other things, the avoidance of a dependency on nuclear weapons, which are inappropriate if a war is to remain limited; our forces should, however, be trained and equipped to protect themselves against the effects of these weapons, for fear that limited wars in which they are engaged should spread and the great powers, using nuclear weapons, should intervene.

21. Canada may also wish to take part again in United Nations police or inspection duties for which trained troops are required, but in which they may have little or no fighting to do. It is likely that forces of the UNEF type will be needed for some time in the Gaza area, and perhaps elsewhere in the Middle East. The need might arise for comparable forces in the Caribbean area in the future, although possibly a UNEF composed of naval rather than army contributions would be required. In any case, the conventional forces needed as a standby in Canada for duties in limited wars should also be capable of performing police or inspection duties as non-combatants.

Civil Defence

22. It has been argued above that the essential policy of the West has been and is to provide a deterrent against war. It has also been argued that measures of active defence against a determined assault against North America cannot be of more than marginal use, and are therefore not worth their great cost. If, then, we are unsuccessful in preventing war by a system of deterrence through a threat of massive retaliation and by meeting the dangers of limited conflicts in a way that will keep them limited, if, in other words, we are subjected to a major attack, the only defence available to us is civil defence. It may be that any reasonable degree of civil defence preparedness may, like active military defence, be so inadequate as to seem of marginal use. But there are reasons to believe that in terms of saving lives among the population civil defence measures would be more productive of results than active defence measures. The Defence Research Board has already reported (in April 1959) that it has reason to believe that in the period after 1964 the provision of blast shelters would be more effective in reducing casualties and less costly than active defence measures. If our defence policy took the direction suggested in this paper, there would be considerable savings in the area of active defence, and the provision of shelters against blast or fallout would become more feasible from a financial point of view. There would, undoubtedly, be other claims on the money saved; we shall probably want to increase our spending in technical and economic aid to underdeveloped countries in the years ahead, there is no scarcity of opportunities for spending more money at home, and tax reductions will remain an attractive prospect. But the place of civil defence

measures within the total defence position of the country should be kept in mind. It seems certain that only the Federal Government itself can do the work in this field that it decides should be done; the suggestion to householders that they construct fairly inexpensive fallout shelters in their homes will surely not meet with any significant response. If the government decides what are the most effective civil defence measures that can be undertaken, and if savings are made in other areas of defence, then the government should seriously consider whether it should not undertake to carry out these preparatory measures at its own expense and to the extent that it can afford them.

D.B. D[EWAR]

305. PCO/D-1-5(F)

Note du bureau du Conseil privé pour le greffier du Conseil privé

Memorandum from Privy Council Office to Clerk of Privy Council

SECRET [Ottawa], March 10, 1960

POLICY PROBLEMS ARISING FROM MAJOR WEAPONS

Thank you for letting me see your paper[116] on this subject and asking for my comments. The paper raises questions about the most basic tenets of our present policies, and I hesitate to set down any very final comments on it without a lot more thought and discussion. The following first reactions may, however, be of some interest to you. I hope very much I have interpreted your ideas correctly.

I share your concern that our present policies are dangerous and unproductive. We, and principally the US, seemed determined to keep piling up strength in mass destruction weapons that probably cannot be brought to bear in protection of our interests without causing universal destruction. This policy, which I suppose is still based on the Dulles thesis that you can't be safe in a world you can't dominate seems to me to make little sense now although it may have been valid some years ago. The power of the Soviet Union is now great enough to ensure a stand-off; we can still deter, but now we are also deterred. I think we are clearly at the stage Churchill forecast when he said our policy was "we arm to parley." The sensible course now for all concerned would surely be to reduce the level of the balance of armaments through a progressive disarmament programme which might, in its development, create the conditions and confidence necessary to the settlement of some of the most vexatious political problems between East and West on the grounds of mutual self-interest. There have been hopeful signs in the last six months that such a course of action had been decided upon by the great powers, but the rigidities of position, especially of the United States, that have crippled the 5-power disarmament discussions seem to indicate that while we are still to arm, we are not seriously prepared to parley.

Not only is our policy remaining too rigid at a time of opportunity when we should be exploring the possibilities of reciprocal accommodation, but we are continuing to fortify those policies with measures of defence which are inappropriate and dangerous. I have in mind our decreasing capability to deal with small incidents and the introduction of nuclear weapons into the areas of greatest friction such as Germany. I have given you my views on this elsewhere.

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[116] La note de R.B. Bryce auquel se réfèrent le présent document et le document suivant n'a pas été trouvé. The memorandum written by R.B. Bryce referred to in this and the next document has not been located.

Improvements in this area are essential to provide the kind of buffer needed to contain incidents arising from bluffs, errors and miscalculations which you say are the major sources of danger over the next few years.

While I agree, therefore, with your dissatisfaction with our present position, I am not sure I agree with the kind of new approach you suggest in your paper. The basic difficulty I see in it is the danger that a retreat of the United States and Canada to a "little America" position would make the situation for everyone, including ourselves, worse rather than better. I fear that such a move would result in the demoralization and subversion of Western Europe or else would increase the likelihood of war in Europe, most probably because the Soviet Union would not tolerate a strong nuclear-armed Europe which would almost inevitably be under German leadership, and would crush it in infancy. While the Soviets might not in fact need to fear a German revanche because of Russia's overwhelming strength, I think we must take into account the Russian experience with Germany and their manifest concern about the German bogey.

(I wonder if even the unity of Western Europe would survive an American withdrawal; the French might feel very differently about their German neighbours if the interlocking arrangements of NATO, guaranteed by an American presence, were terminated.) I am afraid that we should be faced with either the submergence of Western Europe in the Soviet Empire or the difficult and calamitous return of American power to Europe in an attempt to save it. In summary, I believe that America's interest in being in Europe is essentially to keep the peace and the fact that technology will lessen America's strictly military need for a European base does not mean that our interest in being in Europe will disappear. Our interest in preventing a war in Europe is, of course, especially great because as the destructiveness of weapons increases and reaction time decreases, war anywhere creates greater tensions than it used to and makes a pre-emptive attack a greater danger and a greater temptation.

The consequences for the United Kingdom of a European disaster such as I have described would be dreadful. She would probably either be destroyed fighting or abstain and be worn down by living on Soviet sufferance. The political effect on Canada of either event would be traumatic.

I wonder, also, if a "little America" would be accorded safety in her isolation. So long as we retained a retaliatory capability or in any way threatened the Soviet Union we should be no better off than we are to-day, for the tension and burdens of mutual deterrence would still prevail. We should probably have security from attack only if we disarmed ourselves unilaterally of all weapons that might threaten the Soviets, and even our interests close to home could be eroded by means other than conquest. Latin America, for instance, would be very likely to slip into the Communist economic and political orbit, and if we were still motivated by the need to avoid the destruction of North America we would be powerless to prevent it.

There is one specific part of your paper I should like to refer to. On page 4 you refer to the principle of "first-use" of nuclear weapons by the West even if the enemy uses conventional arms to attack us. The context is your discussion of the dangers of "façade" in a policy that lacks conviction for the public. This is a very worrying matter, but I think the solution lies in changing our defence and strategic policies rather than in a withdrawal from overseas responsibilities. We must surely provide ourselves with sufficient conventional armaments and then publicly denounce the "first-use" idea. I think this is the worst feature of the "façade" policy and that it takes an equal place with the fear of mass weapons as features of our policy that frustrate the public and repel their support. We have been deluding ourselves that "more bang for a buck" is a solution to our defence problems. I think it very possible that public distaste for our defence policies results from a demoralization caused by the all-or-nothing

approach to war and that the public might accept even a higher level of expenditure if they were convinced it was being applied to a more hopeful purpose. A democratic public cannot be comfortable with a defence policy which asks them to be responsible for initiating a type of war that is hopeless in result and that they consider immoral in method. It should also be noted that conventional forces could be used in protection of important but "essentially secondary interests" by countries like the United States, whose reliance on mass destruction weapons and vulnerability to attack now combine to leave her without any usable defence system in such "intermediate" circumstances as Berlin.

I am sorry to be so discouraging in all this. It looks like a hatchet-job on your paper and you may want to dismiss it as unreasonable criticism. It is easier to analyze such a paper than to put it together and I am not sure that I have formulated my ideas very well. There do seem to be very great dangers though in the idea of our withdrawal into a smaller America that you suggest; I do not think such a withdrawal is necessary for our security or that it might not make our security less stable. I think the most promising way out of our dilemma is to obtain a more reasonable balance of our defence posture and to use present opportunities to work more imaginatively for a lowering of the level of armaments and a gradual settlement of political questions. I think we must remain in Europe and in NATO until this is accomplished because it would not be possible in a fragmented or unbalanced world. This is the kind of approach I believe we must do our utmost to convince our allies of, and that in that job we can make our greatest contribution.

D.B. D[EWAR]

306. PCO/D-1

Note du Bureau du Conseil Privé pour le greffier du Conseil privé

Memorandum from Privy Council Office to Clerk of Privy Council

SECRET [Ottawa], March 14, 1960

POLICY PROBLEMS ARISING FROM MAJOR WEAPONS

Your provocative and original memorandum seems to me to establish successfully the urgent need for a review of foreign policy and defence policy in the light of the probable distribution of power five years hence. By then as you say the U.S., U.S.S.R. and U.K. will doubtless have numbers of nuclear missiles, with Western Europe and probably China joining them before long. Other countries, notably India and perhaps Japan and Latin America, may try to follow suit later.

I share your view that major success in disarmament is most unlikely, unless the nations find some miraculous escape from the dilemma of unrestricted sovereignty.

The memo succinctly asks in effect "Is the method of alliance outmoded where one or more great powers are involved?" You have convinced this reader. The method of alliance assumes that one nation may enhance its security through agreement with another, and may count on its support. But when a great power already possesses unlimited force it hardly needs more; and to pledge the unlimited force to secondary interests is to play with suicide. The non-nuclear power on its part may gain, at the level of conventional weapons, through alliance with other non-nuclear powers; but alliance with a great power is redundant for a nation within the great power's orbit, and unreliable for other nations. The making of unreliable commitments involves great danger to all.

I agree that it becomes increasingly doubtful whether the U.S. would use nuclear weapons against Russia to protect Europe. The nuclear powers indeed may be incapable of defending any secondary interests by any means. Nuclear weapons would not be appropriate for this purpose, yet wars begun by nuclear powers with conventional weapons may not be controllable in practice. Here again great danger would be involved.

Obviously too the range and accuracy of Russia's missiles will soon be such that Western Europe will become only a significant, rather than a vital, part of the defence of North America. It may take slightly longer for U.S. missiles to develop to the point where launching pads in Europe or Africa would be useless, and meanwhile Europe would remain a primary interest of the U.S.: perhaps your memo should recognize this point (p. 7).

When France and Germany have nuclear missiles they too will no longer need allies, even within Western Europe, except for resources and as protection against attack with conventional weapons. Western Europe may coalesce into a single sovereignty or a tight alliance, but if so it will not have been prompted directly by the major weapons. In any event if the countries of Western Europe become expendable from the U.S. strategic viewpoint, acceptance is implied of real or remote possibilities such as the following:

(a) that Western Europe may not unite;

(b) that France or Germany or the U.K. may dominate Western Europe, with or without a coup d'état; or

(c) that Russia may attack Western Europe with conventional weapons and speedily seize the missile sites (any such enterprise could easily develop into a nuclear war between Russia and Western Europe).

On p. 10 (bottom) of the draft it is suggested that Western Europe would not be a threat to the two giants. It seems to me that if France or Germany had a hundred missiles they would have become giants themselves, and would form a palpable threat. Conceivably they might ring down the curtain in one great Gotterdammerung, attacking eastward or westward or both. I recognize though that this risk arises from their very possession of the weapons and not from a possible change in North American policies.

Certainly the grouping of Western Europe within NATO would tend to discourage the coalescence of the European nations.

On the last line of p. 2 you may wish to add "nuclear" before "war." The distinction may be important.

Active steps by the U.S. or U.K. to establish nuclear capacity in Europe, as suggested on p. 10, would involve risks. At the moment the greatest danger in the world is that Russia might believe attack from the West to be imminent.

If the nations should regroup into nuclear regions as suggested on p. 14, presumably Japan if not a "club" member would have to be recognized within the Russian sphere of influence at first, and possibly later within the Chinese orbit.

Can we assume, as stated on p. 15, that the lands not contiguous to the great powers would present little temptation because they have more problems than resources? Belgian Congo, South Africa, the oil lands and Australia are cases in point. There is also the possibility that other territory may be coveted for non-economic reasons.

As you say, China will have a greater problem of lebensraum than the other nuclear powers: one important danger of the next decade would be a preventive war by Russia to block China from becoming a nuclear threat.

On p. 13 the memo says "Canada would have no real role in defence of the U.S." The giant hardly needs the pygmy even today, but might continue to demand our participation, and an integrated high command might continue even though it became anachronistic. In the

circumstances envisaged, the role of U.N. would also be changed. And can it be assumed that the great powers would not participate in non-nuclear police actions?

Thank you for the opportunity of reading the memo. I hope some useful thoughts or phrases can be found above.

J.S. H[OGDSON]

307. PCO/D-1

Le greffier du Conseil privé
au sous-secrétaire d'État aux Affaires extérieures

Clerk of Privy Council
to Under-Secretary of State for External Affairs

SECRET Ottawa, October 18, 1960

Dear Mr. Robertson,

In the studies of our defence policy which are now getting underway, I think we should plan to take into account the probability that disarmament will continue to be a declared objective of Canada and other countries in the foreseeable future and also the possibility that some sort of disarmament agreement may be reached in the next few years. It is impossible of course to predict what forms of agreement may be arrived at, or indeed even to measure with any confidence the likelihood of progress in the disarmament field, but it would seem nevertheless that we should give some considerations to such questions if we are to see both the possibilities and the problems of our future defence policy in context.

My very preliminary thinking on this aspect of the studies is that there are at least three implications of disarmament on defence policy which should be examined. One of these arises from the fact that given the world context of the Cold War and the strongly-felt aspirations of our own people we shall have at the very least to continue to espouse and promote disarmament as a major objective, and that our defence policies must be capable of acceptance as being consistent with and not antagonistic to the pursuit of that objective.

Secondly, as part of our study of means to improve our defence position over the next few years we should perhaps search for measures of disarmament that, if agreed upon and implemented, would make positive contribution to our security. This is not to say that we should try to discover proposals whose implementation might give the West a military advantage over the Communists; indeed such proposals are hardly worth working on because the chances of obtaining agreement on them are nil. But there may be measures which would increase the security of both sides by decreasing the danger of war, and on which we might reasonably hope for agreement precisely because they did not give either side a measurable advantage. The disappointing history of past negotiations, to find ways of reducing the danger of surprise attack, for instance, should not I think prevent us from searching for possible new measures of mutual advantage. The identification of such areas for negotiation might well put a new light on what our future defence arrangements should be.

The third and related factor we should take into account is, of course, the impact that future disarmament agreements might have on our defence programmes. The possibilities of such agreements may put a premium on flexibility in our future policies. You may think that there is some advantage, in dealing with this aspect, to try to make some sort of assessment of what portions of disarmament proposals already made are most likely to result in agreement, as well as a study of what other areas of mutual benefit may be exploited in the near future.

These ideas are really meant only to suggest to you that disarmament provides part of the context in which a study of our defence policies should be carried out, and to attempt to set out in a very general way some of the questions we should ask ourselves about disarmament at the same time as we are examining defence. Perhaps you have already given some thought to this part of the problem and have reached some conclusions about it. I should be grateful to have your comments or ideas. Later on we might discuss in more specific terms the way in which disarmament might be taken account of in the defence studies.

I am sending a letter similar to this to Air Marshal F.R. Miller.

Yours sincerely,

R.B. BRYCE

308. PCO/D-1

Note

Memorandum

TOP SECRET [Ottawa, November 1960]

SOME ASPECTS OF CANADIAN DEFENCE POLICY

Introduction

The 1959 White Paper on Defence stresses that Canada's defence policy derives directly from our foreign policy. There are a number of key defence policy decisions which must be taken in the near future and it would seem to be most important to ensure that this principle is observed and that external policy considerations are taken into account, both in respect to substance and timing.

It is generally agreed that Canada cannot develop its defences in isolation but must rely on a system of collective security. It was for this reason that in 1949 we and our Atlantic neighbours established NATO after it had been demonstrated that the United Nations could not, of itself, provide what we regarded as an adequate level of assurance against aggression. Collective security, to be effective, requires that each party to the arrangement must contribute his share to the totality of the system — you hang together or hang separately.

In accordance with this principle Canada has committed its main defence effort to NATO (including the North American region) but has also contributed to the peace-keeping activities of the United Nations when called upon to do so. Having said this, it should at the same time be recognized that from time to time the form of our contributions and the procedures we have adopted in fulfilling them have been shaped by incidental considerations. For example, our participation in NORAD has been governed not only by military requirements but by our desire to be able to exercise a greater influence than would otherwise be possible on the air defence plans and operations of the United States as they affect Canada.

During the past two years a combination of factors, arising from the development of ICBM's, increasing public concern in Canada and elsewhere over the consequences of a nuclear war, disarmament prospects, changes in the world political situation, and internal economic considerations has led to increasing general scepticism about the continued validity of the current Canadian defence policy. The fundamental issue is whether we should continue to subscribe to the principle of collective security and its implementation through the NATO (including North American) defence programme, with all the consequential implications that go with such a decision, or whether the effect of the factors mentioned above is such that a major shift is called for in our defence policy and the character of the contribution which the

Canadian forces make to the maintenance of peace. A plausible argument can be made that the time is not yet ripe to resolve this issue. The difficulty with this argument is that, in the meantime, important decisions are being taken, or are likely to be taken in the near future, on defence matters, which may prejudice the ultimate decision on the main issue and perhaps involve the expenditure of a great deal of money to no purpose. To illustrate this point it may be useful to enumerate some of the defence matters upon which action has already been taken or is pending. Perhaps the most important are those relating to the acquisition of nuclear warheads for the Canadian forces. Although negotiations with the United States to obtain such warheads are not being pursued at present, we are already committed to the CF-104, BOMARC and HONEST JOHN, all of which are weapons which make sense only in terms of nuclear armament. The current NATO infrastructure programme includes funds for construction of nuclear storage depots for use by the Army and RCAF in Europe, and NATO is pressing us for a decision on our requirements so that construction can begin. In addition, SACLANT's plans call for storage of nuclear depth charges and torpedoes in Canada. At the NATO Annual Review this month Canada will be expected to report progress on the measures being taken to develop a nuclear capability for our forces assigned to NATO in accordance with the requirements of MC-70. There is already in effect an agreement authorizing United States air defence forces equipped with the MB-1 to overfly Canada, and negotiations for the storage of these weapons at Goose Bay and Harmon Air Force Base are well advanced; it is difficult to envisage the continuation of these arrangements unless Canadian air defence forces are similarly equipped.

Future Developments

Let us now take a look at possible future developments. While sensible foreign policies and intensive negotiations can, of course, affect the prospects profoundly, it must be conceded that there is a strong possibility, indeed a probability, that in perhaps five years the present deterrent balance will still be with us and will, in fact, have developed a new dimension because it will be based primarily on the ICBM. In addition there is every reason to expect that NATO will have at its disposal in Europe a sizable deterrent force, with both a conventional and nuclear capability. In these circumstances the importance of defence against an attack on North America by aircraft is likely to decrease significantly, with a consequent effect on the requirements for air defence forces and installations in Canada, and the value of a Canadian contribution to NATO might be marginal from a purely military view, although important politically. It could be, therefore, that in perhaps five years the relative importance of Canadian military commitments will change substantially. It might turn out, for example, that the anti-submarine rôle of the R.C.N. and the R.C.A.F., our responsibilities on behalf of the United Nations and our domestic emergency measures requirements, would replace our commitments to NORAD and SACEUR as the major tasks of the Canadian Services. Any such developments would, of course, have a profound effect on the composition of Canadian forces and the armaments and equipment they would require.

North American Defence

The situation envisaged above is still some years away and will develop only when the ICBM becomes established as the major weapon in the arsenals of the United States and the Soviet Union. The immediate effect of the introduction of the ICBM on Canadian defence policy is quite different. It is having its primary effect, so far as we are concerned, in the North American area, and involves inextricably the Canadian contributions both to the active deterrent provided by the Strategic Air Command and to the air defence of North America provided through the operations of NORAD.

In absolute terms the most important contribution which Canada is making to the deterrent and to North American defence is the use of its land, water and air space. In the case of SAC,

this involves the use of refuelling bases and the right to over-fly Canada on training missions and in connection with the transport of nuclear weapons to and from Europe. In the case of NORAD, it involves the radar warning and control net, and operation of United States interceptors over Canada (with arrangements, in event of grave emergency, for them to be armed with nuclear weapons).

The factors underlying the continued validity of this contribution would seem to be as follows:

(a) As the United States builds up its ICBM capability, the Strategic Air Command bomber force (and as a corollary its reliance on the use of Canadian refuelling bases and air space) can be expected, over a period of years, to shrink. The first straw in the wind was the United States Government's decision not to proceed with the production of the B-70 bomber (later modified to permit limited production). After 1963, the run-down of the bomber force will probably accelerate. In the meantime, however, and very likely for the next five years, the military deterrent upon which the defence of the free world relies will be mainly dependent upon the credibility of the ability of the Strategic Air Command to retaliate effectively with bombers against possible aggression by the Soviet Union. Undoubtedly the continued use by SAC of Canadian air space and base facilities is considered by the United States Government to be a vital element in the maintenance of this deterrent, particularly if it should be decided to institute an airborne alert.

(d) The NORAD concept for the defence of North America on an integrated basis is sound so long as the threat of attack by aircraft continues to be valid. The military authorities at present estimate that this threat will continue to be significant at least until 1970, especially if the Soviet Union develops an aircraft-launched missile. The United States Government and Congress share this view in spite of their differences of opinion regarding BOMARC. However, it can be expected that if the current evidence of the Soviet Union's intention to rely mainly on the ICBM is borne out by developments in the next two or three years, the United States will probably cut back the resources allocated to conventional air defence more rapidly thereafter.

The Canadian contribution of facilities and the right to over-fly our territory has been augmented, and in a political sense made more acceptable, by the participation of the RCAF, which has maintained nine CF-100 squadrons and built and operated part of the radar network, as well as sharing in the NORAD Command structure for the air defence system. The CF-100 is admittedly rapidly reaching the limit of obsolescence, but pending a decision on whether or not it should be replaced by a more modern aircraft, the plans to set up two BOMARC squadrons have maintained the concept of a continuing active operational rôle for the RCAF.

In examining what the position of the Canadian Government should be regarding North American defence, the basic consideration which must be taken into account is that the United States Government unquestionably attaches great importance to the continued availability of Canadian facilities and air space, both for Strategic Air Command and for air defence. Moreover, the United States requirement, in the opinion of the Canadian Chiefs of Staff, is militarily an entirely valid one and in accordance with agreed NATO concepts. Although a decision to opt out of these arrangements and to tell the United States that in future it would have to keep its forces in its own back yard has a certain appeal, it should be recognized that in doing so we would be preventing the nation principally responsible for the protection of North America, and indeed of the whole free world, from defensive measures which it considers essential for the fulfillment of this responsibility. For this reason it is open to question whether the Canadian people generally would support the withdrawal by Canada from the arrangements outlined above, irrespective of the level or nature of Canadian participation in North American defence activities. There can be no doubt that the United States would regard

such an action with the utmost gravity and that it would have a serious adverse effect on relations between the two countries.

If it is accepted that for the time being the United States must have continued access to Canadian facilities and air space, we are then faced with the question of whether or not it is feasible to contemplate such a situation in the absence of the active participation of the RCAF in the North American air defence organization. By "active" is meant the provision of combat forces and participation in the NORAD command structure rather than, say, simply as an operator of radar installations. In considering this question a subsidiary point to be kept in mind is that even if it were decided that there was no military requirement for the RCAF to have fighter aircraft in Canada it would probably still be necessary to have some high-speed interceptors, at least astride the main international air routes, to identify "unknown" aircraft and to make it possible to deal with violations of Canadian airspace by foreign aircraft.

Let us now examine the question of Canadian participation in North American defence in the light of the assumption that for the time being the United States must have continued access to Canadian air space and bases, but that this requirement is likely to diminish significantly by about 1965. The basic issue is whether Canada should continue to contribute actively to North American air defence by the assignment of Canadian forces to this rôle, or whether we should take the position that a passive contribution (limited to facilitating U.S. operations in Canada) is enough for us to do in this field, and that our own military resources can be put to better use at other tasks. Although these two positions have been stated as alternatives it is, of course, also possible to select an intermediate path.

The case for Canada getting out of the air defence business can be summarized as follows:

(a) The North American air defence system is designed primarily for the protection of the USA, and whatever protection it affords to Canada is a "fringe benefit." Under these circumstances there is no valid reason why we should be expected to participate beyond allowing the United States to use our air space and bases in accordance with existing arrangements.

(b) The Canadian Government would be relieved of the responsibility of contributing towards the construction and operation of expensive weapons systems (fighters, BOMARC, SAGE, etc.) which will become obsolete within a very few years if they are not obsolete already. If the United States feels that these systems are essential it can pay for them.

(c) The military resources we have previously assigned to air defence can be put to better use on other tasks more directly in Canada's interests, e.g., for various non-military purposes or for building up our airlift capability (with aircraft built in Canada) so that we can provide more effective support to our forces at home and abroad and be better able to assist the U.N. in meeting its possible needs, as well as ensure the availability of transport for evacuating Canadian citizens from danger areas and for assisting in disaster relief operations.

(d) It is acknowledged that our departure from the air defence field might necessitate an increase in U.S. air activity, and possibly in the number of U.S. personnel, in Canada. However this should be for a relatively short period (say five years) and in any case would mostly be in fairly remote locations.

The case for continued active participation by Canada in North American air defence is as follows:

(a) The best professional advice in both Canada and the United States is agreed that the threat posed by the Soviet bomber force necessitates the continued maintenance of the air defence system at at least its present level; moreover the fierce competition for the defence dollar from those elements in the Services which are not involved in air defence provides a reasonable guarantee that the military will not favour keeping up the system beyond the period when it is prudent to do so.

(b) If there is to be an air defence system it is in our interest to participate actively and positively; only thus can we be a full party to the shaping of the operational concept, to the development of plans for the system, and to any major military decisions; only thus can we justify the presence in Canada of U.S. servicemen sharing in the common task. Conversely, if we pulled out of the present arrangements not only would we lose the advantages just cited, but in addition we would be giving up a valuable lever in efforts we may make to affect in any degree the decisions of the United States regarding major negotiations (for example on disarmament, Berlin, the Far East, etc.) on regarding military action.

(c) The three elements of air defence are "detection," and "engagement." The RCAF has thus far had a rôle in all three of these elements — it has detected by way of the radar stations it operates, it has identified by means of its CF-100 squadrons, and if the need had ever arisen, would have engaged the enemy with these same squadrons. When the BOMARC installations are completed the RCAF will have a new capability for engagement, at least over the area north of Central Canada, but unless the CF-100 is replaced it will have lost the ability to identify, and under present circumstances this ability to "go up and take a look" is of much greater importance to Canada, both politically and technically, than the possession of a potential for shooting down large numbers of enemy aircraft; it is surely not a function which we would wish to surrender by default to interceptors of another country.

(d) The question of whether it would be in Canada's interest to divert the resources applied to air defence to some other activity is, of course, a matter of opinion and judgment, but so long as there is a requirement for air defence involving extensive military activity in Canada it would seem to be in our interest that we continue to be an active partner.

(e) The NORAD agreement of 1958 correctly recognizes that the air defence of Canada and the United States must be treated as a single problem and that the principle of integrated defence, as applied to North America, is in accordance with NATO policy. The argument that the only protection afforded to Canada by the air defence system is incidental to the protection of the United States is both specious and dangerous, in that it is contrary to the principle of collective defence, and if extended by analogy to Europe it could not only break up the NATO alliance, but also leave this continent wide open to attack.

Nuclear Weapons in North American Defence

In considering the question of the use of nuclear weapons in North American defence, and in particular their storage in Canada, both for United States and Canadian forces, it is first necessary to review the existing situation:

(a) The United States intends to use these weapons within its own boundaries. In addition a number of BOMARC's stationed in the United States would be fired over Canada, and the Canadian Government has authorized USAF interceptors armed with nuclear weapons to overfly Canada in event of grave emergency. Furthermore the Canadian Government has approved in principle, subject to the conclusion of a satisfactory agreement, the storage of nuclear air defence weapons for the USAF at Goose Bay and Harmon Air Force Base.

(b) The Canadian Government is constructing BOMARC installations in Ontario and Quebec, and if they are to have any military value whatever nuclear warheads will have to be stored at the sites.

(c) If the RCAF is equipped with modern interceptors to replace the CF-100, the Defence Department will no doubt argue the case for obtaining nuclear air defence weapons for them, since the use of such weapons would greatly enhance their fighting capability in event of attack. However, the interceptors would still have a useful rôle (identification) even if armed only with conventional weapons.

Consideration of the facts as set out above suggests the following conclusions:

(a) In the event of attack by Soviet bombers (admittedly unlikely, but nevertheless possible), defensive nuclear weapons will be used against them and will be fired in Canadian air space, irrespective of whether or not Canadian forces are armed with them.

(b) Unless the Government is prepared to reverse the present defence policy (with all the consequent difficulties) nuclear weapons will have to be stored in Canada at least for the BOMARC squadrons and probably for USAF interceptors at Goose Bay and Harmon.

(c) It would be possible to dissociate Canadian forces from the use of nuclear weapons by turning over the BOMARC installations to the USAF but this would not absolve Canada from sharing with the United States the responsibility for storage and possible use of the weapons. The advantages of such a policy of dissociation would seem to be dubious and the disadvantages obvious.

(d) It appears likely that the requirements for nuclear air defence weapons in Canada will diminish significantly in perhaps five years, unless, of course, an anti-ballistic missile has been developed by that time which would require to be deployed in Canada. The prospect that this will happen does not at present seem very great.

Canada and NATO

Thus far, this paper has been concerned primarily with problems in the North American sector of the Canadian defence programme. Let us now look briefly at the situation with respect to our forces in Europe, which poses basic problems which are every bit as important and difficult as those in the Western Hemisphere.

At the present time North American participation in NATO by means of forces stationed in Europe continues, both for political and military reasons, to be vital to the maintenance of the shield against possible Soviet aggression in Europe. The presence of these forces (particularly those of the United States) is unquestionably an essential ingredient in the cement that binds the Alliance and is regarded as convincing proof by our European allies of our continued adherence to the principle of collective security and to our undertaking to regard an attack on any member of NATO as an attack on all.

It is for the reasons set out above that Canada has for nearly ten years maintained an air division and infantry brigade in Europe, in spite of the fact that as the strength of the forces of the European members of the Alliance has increased the presence of our forces has become militarily less significant and economically more difficult to justify. Are these reasons still preponderant or are they now outweighed by the case for a significant reduction or even a withdrawal of our forces in Europe?

The answer to this question, it is suggested, is that now is not an opportune time to cut our commitments in Europe. Such action would constitute a major reversal of Canadian policy which would be hard to justify on the basis of the political and military situation which exists today. It would seriously affect the Alliance as a whole, as well as our relations with the other member-governments. At a time when NATO is beset by grave problems it might trigger a series of events which could lead to its dissolution as an effective force for peace and stability. This may conceivably happen in any event, but it would seem better that Canada should not be a leader in any such process. The domestic implications must also be kept in mind (e.g. the cancellation of the CF-104 programme if the air division were withdrawn).

If we are to remain a member of NATO it is clearly a matter of self-interest that we should work toward the achievement of the agreed programmes and objectives of the Alliance, since only by so doing will we be in the best position to further our own aims. We should have no doubt that there is a direct relationship between the fulfilment of our military obligations and

the weight attached by our allies to our views on the political and military problems facing ourselves and other Western countries.

So far, Canada's record of fulfilment of its NATO commitments has been good. The principal points of criticism in this year's "Annual Review" of the Canadian programme are (1) the continuing contraction of our mutual aid programme, (2) the reduction in the size of our defence budget at a time when the defence budgets of most of our allies are increasing, and (3) the effect which this reduction, if continued, is bound to have on the armament and equipment replacement programmes of the services in view of the fact that their manpower costs will remain at present levels or increase.

The Canadian position with respect to mutual aid is that the economic position of the European countries has now improved to the point where they are capable of paying for their own equipment, and that they have built up training facilities in Europe to the point where only limited Canadian training assistance is required. Moreover, much of the surplus equipment which Canada is in a position to give away is no longer desired by the other members of NATO.

All of what has been said is true, but the fact remains that the United States continues to find it necessary to provide substantial mutual aid to its European allies. Perhaps we should give renewed thought to a limited increase in mutual aid, not primarily out of sympathy for the other members of NATO, but as a means of justifying production "runs" of sufficient size to be economic, for certain items of equipment required by our forces, and as a means of stimulating employment in such key defence industry fields as electronics, aircraft, shipbuilding, and vehicles.

It is of cardinal importance, if our forces are to be kept up-to-date and efficient, that over the years a balance be maintained between equipment and manpower costs. The problem is that when budgets are reduced it is always easier to cut equipment votes than those for pay and allowances. This has now been going on for some time in Canada, and if continued will in the long run prove far more costly to correct than if remedial action is taken now. There are really only two solutions to this problem; cut the number of personnel (which means reducing commitments), or increase the size of the defence budget.

Nuclear Weapons for Canadian Forces in Europe

In December, 1956, the NATO Council approved a directive, which may be summarized as follows:

(a) NATO's objective of averting war cannot be achieved unless the potential aggressor is confronted by NATO with forces so organized, trained and equipped that he will conclude that the chances of a favourable decision if he attacked are too small to be acceptable;

(b) for NATO defence and as a major deterrent to Soviet aggression a fully effective nuclear retaliatory force must be maintained and protected;

(c) NATO forces must be able to deal with armed aggression, other than infiltrations or local actions, in accordance with the "forward strategy" counting on the use of nuclear weapons at the outset;

(d) it should be assumed that British, Canadian and U.S. forces will continue to be stationed in Allied Command Europe.

This 1956 directive was given added substance at the NATO Heads of Government Meeting in December, 1957, when it was decided that stocks of nuclear warheads would be established "which will be readily available for the defence of the Alliance in case of need." It was also agreed that IRBM's would have to be put at the disposal of SACEUR, and that the deployment of the stocks and missiles, and arrangements for their use would be decided in conformity with NATO defence plans and in agreement with the States directly concerned.

In accordance with the 1957 decision the forces of all members of the Alliance (except Iceland) have acquired or are acquiring nuclear delivery units, nuclear storage sites are being installed in all NATO countries in continental Europe (although the Scandinavian storage sites will not be stocked unless hostilities break out) and the United Kingdom. In addition, a number of governments have negotiated or are negotiating stockpile agreements with the United States. (The governments which have such agreements, or are negotiating them, according to the latest information at our disposal, are the U.K., Germany, Netherlands, Belgium, Portugal, Greece, Italy and Turkey.)

It would be desirable if the conventional forces available to NATO could be built up to the point where they could resist a substantial aggressive move without recourse to nuclear weapons. This would, of course, necessitate a major expansion of these forces, and can be ruled out as being impractical. Even if this were possible, however, it would still be necessary, according to the present doctrine, to be ready to use nuclear weapons in event of a major attack, and, therefore, they would continue to be required by NATO forces.

It should be understood that if Canada were to conclude a "stockpile agreement" with the U.S.A., we would not actually take possession of any nuclear weapons unless they were released by the President in event of emergency. All the agreement does is to ensure that the weapons are held in a nearby storage site and are earmarked to meet Canadian requirements. The question is whether or not we wish to go even this far, and the answer would appear to depend on what our intentions are.

If it were decided that under no circumstances would Canadian forces in Europe have anything to do with nuclear weapons it would be incumbent on us to so advise NATO at once, since it would have a major effect on the roles of the Army and RCAF and on SACEUR's war plans. We would also have to consider seriously whether, in the light of such a decision, we could contemplate continuing to keep our forces abroad, since if hostilities broke out they would not be equipped with weapons of equal effectiveness, either to those of their allies or to the enemy.

A second course of action which no doubt would raise serious objections from SACEUR would be to postpone a decision indefinitely, i.e., until hostilities broke out or appeared to be imminent. Thirdly, we could make it clear that we accepted the implications of the roles assigned to our forces but state that for political reasons we were not prepared to conclude a stockpile agreement on the assumption that if hostilities did break out the weapons would be made available in any case. Finally, of course, we can follow the pattern established by the other NATO countries (except for France and the Scandinavian countries) and conclude a stockpile agreement.

It is important to recognize that if we do not negotiate a stockpile agreement a different interpretation will be placed by our allies on our decision than on those of France and the NATO Scandinavians. France has made it clear that her position is not based on aversion to the idea of using nuclear weapons but only on the control she would exercise on them, and the Scandinavians have based their decision on the argument that storage of weapons in Norway and Denmark in peacetime would be unwarranted in view of the Soviet attitude that it would be a provocative act. A negative decision on our part would undoubtedly be regarded at least as a revocation of our adherence to the 1956 and 1957 Council decisions; more important, it would probably be taken as an indication that we were weakening in our support of NATO generally.

Canada's Role in Maritime Defence

Canada's maritime forces, consisting of the whole of the Navy and the Maritime Command of the RCAF, are committed to NATO. All of these forces, except for some ships stationed on the West Coast, are assigned to SACLANT. Their rôle is purely anti-submarine, and in view of

current developments in the field of submarine warfare is obviously of great importance to Canada. It is an area of activity which might merit additional support if our commitments elsewhere were reduced.

It should be borne in mind that submarines are becoming increasingly invulnerable to high explosive depth charges and torpedoes and that SACLANT's plans provide for the supply of nuclear weapons for this purpose to the forces under his command, including the Canadian elements. SACLANT proposes in particular that special weapons storage sites should be established at Summerside, P.E.I. and Greenwood, Nova Scotia.

Conclusions

On the basis of the preceding analysis it is concluded that under present circumstances the advantages and attractions of a departure from our current defence policy, based as it is on the principle of collective security and active participation in the Western Alliance, are more than outweighed by the disadvantages.

A second conclusion is that if Canada intends to continue to participate, either in NATO, in NORAD, or both, by providing combat forces, then an inevitable consequence is that these forces must be equipped with weapons of equal effectiveness to those possessed by their companions-in-arms and by the potential enemy.

Thirdly, it is considered that even though circumstances do not at present justify a major modification of Canadian defence policy, the current situation is not static. We are in a period of change, and as each year goes by we can expect the balance of the arguments supporting the maintenance of our present defence posture to shift. If then becomes a question of judgment, first as to when the proper moment has arrived to declare publicly that a new policy is contemplated and, secondly, as to what the new policy will be and when and how it will be implemented.

In this connection it may be of interest to know that during the past few months the Australian Government has announced a defence reorganization designed to meet the new strategic requirements. The Australian Minister of Defence, in a recent statement in Parliament, said that the Government believes that in view of the nuclear deterrent the outbreak of local wars is more likely than a global full-scale war. Australia, faced with only limited resources, has to determine the scale of its defence effort in relation to other priorities. It is not possible, therefore, to prepare for every contingency. The prime aim of the defence programme, therefore, is to improve the ability of Australian forces to act swiftly and effectively in co-operation with allied forces to meet limited warfare situations. Such preparations, of course, would also improve Australia's preparedness for larger-scale war even though this is not expected.

The situation confronting the Canadian Government is not the same as in Australia. Nevertheless, it is suggested that there might be some merit in preparing any exposition of Canadian policy with a statement indicating that although in the judgment of the Government the time has not yet arrived for substantial modification, the ultimate need for such modification is recognized and measures currently being instituted have been planned, to the extent possible, to fit in with anticipated long-term requirements.

SECTION F

BASE AÉRIENNE PEPPERRELL
PEPPERRELL AIR FORCE BASE

309. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], August 12, 1960

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks) (for morning meeting only),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Dr. Hodgson),
The Registrar of the Cabinet (Mr. Halliday).

. . .

PEPPERRELL AIR FORCE BASE

40. *The Secretary of State for External Affairs* reported that in January of this year it was announced that the United States Air Force would be closing down Pepperrell Air Force Base, situated on the outskirts of St. John's, Newfoundland placing it on caretaker status as of September.

Pepperrell was one of the 99-year leased bases and in the lease the Government of Newfoundland was named as the lessor. The question which arose now was in which government was vested the reversionary interest in the Base, the Crown in right of Canada or the Crown in right of the Province of Newfoundland. The question was not dealt with as such in the Terms of Union, but three provisions might be considered to have application. Two related to Canada taking over defence, and military and naval properties, stores and equipment. The third stated that Newfoundland public works and property not transferred to Canada shall remain the property of the province.

An opinion by the previous Deputy Attorney General was favourable to the transfer of the reversionary interest to Canada but the present incumbent felt that a court might well decide that only military properties used directly by Newfoundland became the property of Canada under the Terms of Union.

There were several departments interested in the Base. The Department of National Defence were examining possible transfer of certain defence utilities to here from Buckmaster's Field; they were also, interested in using accommodation for increased naval forces. The Department of Transport were interested in facilities for the Marine Services Branch; the R.C.M.Police could use certain buildings in lieu of new construction and the Provincial government could use the Base Hospital and some buildings for Memorial University. There was a small continuing U.S. requirement.

There would appear to be no reason why all these requirements could not be met. It would be desirable to expedite a solution and he was recommending that the Minister of Justice enter into negotiations with the Attorney General of Newfoundland.

An explanatory memorandum was circulated, (Minister's memorandum, Aug. 10 — Cab. Doc. 264-60).†

41. *The Cabinet* approved the recommendations of the Secretary of State for External Affairs,

(a) that the Minister of Justice inform the Attorney-General of Newfoundland:

(i) that the United States had transmitted to the Department of External Affairs the Notice of Abandonment of the lease;

(ii) that, without prejudice to the legal issue as to the reversionary interest, he was prepared to enter into negotiations with the Attorney-General of Newfoundland to the end that there be effected a division of Base facilities to the satisfaction of both parties;

(iii) that, subject to agreement being reached as outlined in (ii) above:

(1) Canada and the United States would enter into an agreement to meet the residual requirements of the United States for facilities at the base; and,

(2) Canada would inform the United States that there was no objection to the proposal to waive the one-year period of notice; and,

(b) that, failing an agreement between Canada and Newfoundland, the question should be re-examined by the Cabinet, particularly with respect to the question of a reference to the Supreme Court and to the nature of the reply to the United States Notice of Abandonment.

. . .

310. J.G.D./VI/135.1 Pepperrell

Le premier ministre de Terre-Neuve
au premier ministre

Premier of Newfoundland
to Prime Minister

St. John's, December 28, 1960

My dear Prime Minister:

You may recall that on the occasion of the last session of the Dominion-Provincial Conference I mentioned to you the fact that the buildings comprising the great United States base, Fort Pepperrell, were in considerable danger of suffering deterioration because of the fact that they had been vacated by the American personnel. You saw that possibility, I believe, and agreed with my suggestion that steps ought quickly to be taken to determine the question of title to the land and buildings comprising the former base, now that the Americans have given notice of their desire to withdraw from the area.

You suggested that the best method might be to have a reference to the Supreme Court. I concurred in that suggestion.

I then suggested to you that in the meanwhile, pending the delivery of an opinion by the Supreme Court, the two Governments might move jointly and simultaneously into Fort Pepperrell, and jointly and simultaneously maintain it. You appeared to think that that might be a practical step to take.

The next thing that happened was that while I was in Quebec City, attending the Provincial Premiers' Conference, I received a telephone call from the Minister of National Defence, Mr. Harkness, informing me that he had received word that some of the buildings at Fort Pepperrell had begun to show distinct signs of physical deterioration due to the fact that they were now vacant and without heat. He mentioned, in the same conversation, the situation with regard to the dock on the St. John's waterfront. He suggested that the heat should be turned on in the buildings at Fort Pepperrell, and told me that this would cost about $50,000. It would then cost about $40,000 a month to keep the buildings heated. I offered to have the Newfoundland Government turn on the heat and keep the buildings heated, but to this Mr. Harkness would not agree; and the upshot of the conversation was that we agreed to recommend to our respective Administrations the proposal that the United States authorities be asked to act for the two Governments and to turn on and maintain the heat in the buildings until further notice, at the 50-50 cost of the two Governments. This was confirmed in a subsequent telephone conversation between the Minister of Defence and me, and has since been put into execution.

In the meanwhile the two Governments have agreed to take over joint responsibility and share jointly the cost for managing the dock on the St. John's waterfront. Your Public Works top official in Newfoundland and our Deputy Minister of Public Works represent the two Governments and are working together with great amity.

The situation for the moment, therefore, is that both properties have at least been put in a position of being given ordinary maintenance.

I suggest that you might now give further thought to your suggestion that a reference be made to the Supreme Court of Canada on the question of title to Fort Pepperrell and the dock, and that in the meanwhile my suggestion of joint entry and joint management of Fort Pepperrell be put into effect.

I understand that your Administration of the Government of Canada is desirous of obtaining the use of a number of buildings at Fort Pepperrell, which is quite understandable. We, too, are anxious to obtain the use of a number of buildings, though not so many as your Administration wishes to have. Over and above the buildings that the two Governments will use there are many others that ought to be put to good and useful service. We are most anxious to co-operate to the full with you in this matter, and I am sure that you will appreciate fully our feeling that the only principle at stake is the question of ownership.

I hesitate to add to the burdens you carry as Prime Minister of our great country, but this matter really cannot wait much longer.[117]

With assurances of my respect,

Sincerely yours,

J.R. SMALLWOOD

[117] Le gouvernement fédéral et celui de Terre-Neuve sont arrivés à un règlement à l'amiable en février 1962 qui prévoyait un partage des biens à Fort Pepperrell.
The federal and Newfoundland governments reached an out-of-court settlement in February 1962 dividing the property at Fort Pepperrell.

SECTION G

AIRE DE LANCEMENT DE FUSÉES DE FORT CHURCHILL
FORT CHURCHILL ROCKET RANGE

311. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 100-60 [Ottawa], March 17, 1960
CONFIDENTIAL

FORT CHURCHILL ROCKET RANGE

It will be recalled that last October the Minister of National Defence submitted a memorandum on the above subject (Cabinet Document 304/59)† recommending that "approval in principle be given for the use of the range at Forth Churchill by the Canadian and United States scientific and military groups for upper atmosphere research and related purposes." On October 24 the Cabinet Defence Committee recommended to the Cabinet that such approval be given and that an exchange of Notes be negotiated with the United States based on specific conditions.

The Cabinet considered these recommendations but asked that certain aspects of the question be looked into further. As a consequence, the Cabinet Defence Committee again considered the matter on November 5 and

"(a) approved the recommendation of the Minister of National Defence, made on the advice of the Chiefs of Staff, that approval in principle be given for the use for upper atmosphere research and related purposes of the rocket range at Forth Churchill by Canadian and United States scientific and military groups, on the understanding that the firing schedules would be subject to the Committee's approval;

"(b) approved the firing schedule for 1960, and indicated it would not approve any firing tests of weapons that year beyond the eight Lacrosse weapons in the schedule; and

"(c) decided that an agreement should be worked out with the United States to give effect to this approval, including the terms agreed at the previous meeting."

Negotiations with the United States were undertaken on the basis of a draft agreement in the form of an exchange of Notes submitted last July† to the Department of External Affairs by the United States Embassy. Subsequently the United States Embassy was handed a complete re-draft† which included the conditions stipulated by the Cabinet Defence Committee referred to above. Although this re-draft was generally acceptable to the United States authorities they suggested certain minor drafting changes. None of these affected the substance of the conditions laid down by the Cabinet Defence Committee and all of them are acceptable to the Canadian Departments concerned. Paragraphs 1(a), 2(a), 2(c), 3(b), 4, 5 and 6 of the attached Annex† and the attached proposed exchange of letters (which would remain Confidential) accompanying the main agreement reflect the conditions set by the Cabinet Defence Committee. The remaining paragraphs of the Annex are, for the most part, identical to those contained in recent agreements governing the establishment and operation of United States defence facilities in Canada, such as TACAN, the SAC Refuelling Bases and the

BMEWS Agreements, the main differences being those dictated by the subject matter of the present Agreement.

The attached draft† of the proposed agreement would confine the use of the range to upper atmosphere research activities and to the continuation of the present cold weather testing of the field Army support equipment. This latter testing would be limited to weapons which the Army would use in the field. The detailed programme of the projects to be tested on this range to be agreed to in advance by the Government on a yearly basis.[118]

H.C. GREEN

Note: Amendments proposed by the Minister of National Defence are underlined …

5e PARTIE/PART 5

QUESTIONS ÉCONOMIQUES
ECONOMIC ISSUES

SECTION A

RÉUNION DE LA COMMISSION MIXTE CANADO-AMÉRICAINE DU COMMERCE ET LES AFFAIRES ÉCONOMIQUES, WASHINGTON, LE 16 AU 17 FÉVRIER 1960
MEETING OF JOINT CANADA-UNITED STATES COMMITTEE ON TRADE AND ECONOMIC AFFAIRS, WASHINGTON, FEBRUARY16-17, 1960

312. PCO

Note du ministre des Finances pour le Cabinet

Memorandum from Minister of Finance to Cabinet

CABINET DOCUMENT NO. 45-60 [Ottawa], February 11, 1960
CONFIDENTIAL

CANADA-UNITED STATES COMMITTEE ON TRADE AND ECONOMIC AFFAIRS — INSTRUCTIONS TO CANADIAN DELEGATION

1. The next meeting of the Canada-United States Committee on Trade and Economic Affairs has been arranged in Washington on February 16 and 17. The Canadian Delegation will, as usual, consist of the Ministers of External Affairs, Finance, Trade and Commerce and Agriculture who will be accompanied by their advisers.

[118] Le Cabinet a approuvé le texte de cet accord le 29 mars 1960. Voir *Recueil des Traités du Canada, 1960*, n° 12, pour les sections non classifiées de cet accord.
Cabinet approved the text of this agreement on March 29, 1960. See *Canada Treaty Series, 1960*, No. 12, for the non-classified portions of the agreement.

2. An agenda has been informally agreed as follows:

Item I - Economic Outlook for Canada and United States

Item II - International Economic Policies and Prospects:

(A) Follow-up of Paris Economic Meetings, January 12-14

1) Trade Problems

2) Consultation among Capital Exporters

3) Reconstitution of OEEC

(B) Progress in Removal of Discriminatory Restrictions

(C) Problem of Low Cost Imports.

Item III - Canada-United States Trade Questions.

Item IV - Other Business.

Item V - Communiqué.

3. Item I (Economic Outlook for Canada and United States) provides for an introductory exchange of information and views. No instructions are required. Similarly no instructions are required for Item II(B) (Progress in Removal of Discriminatory Restrictions), Item IV (Other Business) or Item V (Communiqué).

4. *Follow-up of Paris Economic Meetings, January 12-14 — Item II(A).* It is proposed that the Canadian Delegation should take as background guidance the report on the Paris meetings which was approved by Ministers and presented to the House of Commons by the Minister of Finance on January 18.

5. *Trade Problems — Item II(A)1.* While the main trade interests of the United States in the Trade Committee which was established by the ad hoc meeting in Paris in January will probably relate to access to European markets for manufactured goods, Canada's primary interest will be in maintaining and improving access to European and United States markets for basic materials and agricultural products. In Washington, therefore, the Canadian Ministers should impress upon United States Ministers the need to take our interests in basic materials and agricultural products fully into account in the work of the Paris Trade Committee.

6. They should indicate that Canada, like the United States would not wish to see a preferential and discriminatory arrangement between the two European trading groups, but would prefer to see a more broadly based solution of the problems that are arising out of the emergence of tariff differentials in Europe. A broad solution would aim at reducing tariff differentials in Europe through multilateral tariff negotiations, the results of which would be extended to all countries on a most-favoured-nation basis. This is also believed to be the policy favoured by the United States. The Canadian Delegation should take the opportunity of emphasizing that for the success of this policy it will be most important for the United States to make the maximum use of its negotiating powers which under present legislation are in any case rather limited. They should also suggest that it is important for the United States to consider now what further negotiating power (e.g. power to allow duty-free entry) will be needed by the United States for the further negotiations which will have to follow in the next few years. The Canadian Delegation might also enquire whether thought is being given to different techniques of tariff negotiation. It may be pointed out that the Canadian Government, under existing legislation, has all the powers that might be required (and that this is believed to be the case in most other countries); however, the use to be made of these powers would, of course, depend in large measure on the powers and policies of other countries, particularly the United States.

7. The Canadian Delegation should stress the importance of continuing to press the European Economic Community to establish duty-free entry or low rates of duty for industrial materials

in the common tariff and to try to find effective means of influencing the agricultural policies of the European Economic Community and other European countries along outward looking lines.

7A. Finally, the Canadian Delegation should express the expectation of the Government that, if the Trade Committee in Paris establishes subcommittees, the United States would support Canadian membership on any where matters of importance to North America are to be discussed.

8. *Consultation Among Capital Exporters — Item II(A)2.* The "Development Assistance Group" that is being set up as a result of the Paris meetings is to hold its first meeting in Washington on March 8-10. It will be recalled that this group consists of 8 countries, members or associate members of OEEC, each of which has a bilateral programme of aid to under-developed countries, and that its purpose under the Paris resolution is

> "to meet together to discuss various aspects of co-operation in their efforts, and to invite other additional capital exporting countries to participate in their work or to meet with them as may from time to time appear desirable, and to consult with such multilateral organizations as the International Bank for Reconstruction and Development and the European Investment Bank."

The United States is proposing that Japan be invited to attend the first meeting and this appears to be acceptable.

9. United States Ministers, in various conversations with Canadian Ministers during the past two months, have emphasized that the Development Assistance Group would not become engaged in "burden sharing" — i.e., exercises, often of a statistical nature, designed to show that one country or another was carrying less of the burden of international aid than others and might be expected to increase its share. Canadian and U.S. Ministers agreed that efforts of this sort to put pressure on individual countries to increase their bilateral aid programmes could have unforeseen and undesirable results.

10. In an aide mémoire recently received from the United States (February 9, 1960) it is proposed that the Development Assistance Group should not only exchange views on "maximizing the effectiveness" of bilateral programmes but also on "increasing amounts." This suggestion, which is no doubt directed to European countries particularly Germany, has an element of burden sharing in it and should be examined carefully, with special regard to implications for Canada.

11. In general it would seem prudent for the Canadian Delegation to refrain from detailed discussion on the activities of the "Development Assistance Group" pending fuller information on the positions, not only of the United States but also of other countries, on the basis of which a Canadian position can be developed. In particular it is obviously undesirable to make any commitments in this field at this stage.

12. *Reconstitution of OEEC — Item II(A)3.* It seems clear that the reorganized OEEC will have three main fields of activity: review of general economic developments and economic policies in member countries; trade and payments; and aid to under-developed countries. In addition, like the present OEEC, it is likely to embrace more specialized activities relating, for example, to improvement of productivity and to nuclear energy.

13. It is proposed that the Canadian Delegation should take a generally positive and constructive attitude towards the reorganized institution, with due regard to Canadian relations with non-participating countries and the responsibilities of existing international organizations of which Canada is a member.

14. The reorganized agency should be consultative and advisory. The resolutions or recommendations that it may adopt should not be binding upon governments. Other international organizations, including GATT and the IMF, should be associated with it as appropriate. While all of the activities should in principle be open to participation by all members, some activities already undertaken by OEEC may best be continued on a purely European basis — e.g., the European Monetary Agreement under which an existing fund is available to help members surmount balance of payments problems. An attempt should be made to eliminate existing functions of OEEC which appear obsolete or redundant.

15. Canada should be prepared to contribute to the General administrative budget on the basis of an agreed scale. Contributions towards special objectives, as in OEEC at present, should be optional.

16. *Problem of Low Cost Imports — Item II(C).* Both Canada and the United States have been faced by increases of imports from Japan and other low cost countries that involve injury to domestic producers and hence might warrant defensive action under escape clauses of trade agreements (GATT). However both Canada and the United States, having their broader economic and political interests in mind, have tried to avoid taking such action. Considerable reliance has been placed on Japanese export controls.

17. It appears that both Canada and the United States (particularly Canada) have been accepting more than a fair share of low cost imports. Industrialized countries of Europe have retained rigorous discriminatory restrictions against imports from Japan and other Asian countries. It would appear that the best method by which Canada and the United States could obtain relief would be to persuade European countries to be much more accommodating. The Canadian Delegation should explore with the United States side the possibilities of further action in this field.

18. *Canada-United States Trade Questions.* The following paragraphs relate, first to matters which the Canadian Delegation would intend to raise, and then to other matters which, according to United States officials, their Delegation is intending to raise.

19. *Oil.* The Canadian Delegation should refer to the recommendations of the Second Report of the Borden Commission[119] that the oil industry take vigorous and imaginative action very substantially to enlarge its markets. The Canadian Government believes that it is essential to the health of the Canadian oil industry that exports should increase. The Delegation should make it clear that Canada assumes that whatever success may attend the industry's efforts to expand sales in District V and in the Detroit-Chicago area would not call into question the existing United States exemption.

20. *Energy.* The Canadian Delegation might tell the United States Delegation about the establishment of the National Energy Board. They should indicate that it would be desirable to make appropriate arrangements for the exchange of information between the Board and the United States Federal Power Commission concerning decisions taken by either agency affecting the international movement of natural gas or electricity.

21. *U.S. Restrictions on Agricultural Imports.* The United States Tariff Commission has been investigating, at the President's request, whether the present quotas on Italian and Dutch cheeses could be enlarged. This enquiry does not cover cheddar cheese which is our main cheese export. If the United States Delegation raise questions regarding Canadian restrictions on dairy products, Canadian Ministers should urge that in the light of the general improvement

[119] Voir Canada, Commission royale d'enquête sur l'énergie, *Deuxième rapport*, juillet 1959 (Ottawa : Imprimerie de la Reine, 1960).

See Canada, Royal Commission on Energy, *Second Report*, July 1959 (Ottawa: Queen's Printer, 1960).

of the position of the United States dairy industry, greater access should now be accorded to Canadian cheddar cheese.

22. Canadian Ministers should also query the need for the United States to maintain its very broad waiver from its GATT obligations in the field of agriculture.

23. *United States Subsidy on Cotton Products*. The United States maintains a subsidy on raw cotton exports. This is not available to domestic users of raw cotton in the United States. Instead a subsidy of equivalent effect is paid on exports of cotton products to compensate for the fact that United States manufacturers unlike their foreign competitors do not benefit from the subsidy on raw cotton. The subsidy on cotton products has the effect of giving United States producers and exporters a special incentive to expand their sales to Canada, and leads to some evasion of the Canadian anti-dumping law. Following complaints from the Canadian industry, the Canadian Government last autumn asked the United States to remove the subsidy on cotton products. Consultations took place in which the United States held out no hope that it would remove or substantially modify the subsidy. In the meantime the pressure from the Canadian industry has eased.

24. The Canadian Delegation should remind the United States side of the difficulties this export subsidy continues to create for us. (This would keep the matter open so that it may be pursued on a future occasion if this becomes necessary.)

25. *Lead and Zinc*. Ministers should register concern (as in the past) about the restrictions the United States still maintains on lead and zinc imports and urge that these be removed as soon as possible and not replaced by other forms of protection.

26. *Uranium*. Ministers should enquire whether there has been any change in the uranium outlook in the United States which would improve the prospects of sales of Canadian uranium to that market.

27. *Surplus Disposal*. While the Canadian side might express some appreciation of the efforts the United States has made since the last meeting of the Joint Committee to take our interests into account in planning barter transactions, they should point out that surplus disposal activity continues to be a source of difficulty in our trade relations. They should stress the continuing need for close consultation on all aspects of surplus disposal and also the need for policies aimed at avoiding the creation of surplus which give rise to these problems.

28. *Valuation for Duty — Fresh Fruits and Vegetables*. Section 40A 7(b) of the Customs Act sets out circumstances under which the Minister of National Revenue may declare values for duty of fresh fruits and vegetables when the market price in the exporting country has fallen below its normal level due to the advance of the season or marketing period. This section does not come into force until proclaimed. Consideration is now being given to the possibility of proclamation. At the last meeting of the Canada-United States Committee the United States Delegation sought and were given assurances that they would be consulted in connection with proclamation.

29. *Canadian Agricultural Restrictions*. The United States side may ask why it is necessary to maintain import restrictions on (a) dry skimmed milk, where price support has been discontinued, and (b) turkeys where very little of the quota allocated to the United States in 1959 was used.[120] If these questions are raised the Canadian side should indicate that these restrictions are kept under review in the light of changing circumstances.

30. *Canadian User Charge for North Atlantic Air Route Facilities*. Canadian Ministers should resist firmly any suggestion that Canada should withdraw this user charge, which has

[120] Voir/See Volume 26, document 250.

had to be instituted to defray some of the very heavy cost of maintaining air route facilities in Canada for aircraft flying the North Atlantic.

31. It is recommended that Cabinet confirm the foregoing instructions to the Canadian Delegation.

DONALD M. FLEMING

313. PCC

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], February 12, 1960

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley).
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Martin).

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CANADA-UNITED STATES COMMITTEE ON TRADE AND ECONOMIC AFFAIRS; INSTRUCTIONS TO DELEGATION ATTENDING MEETING IN WASHINGTON FEBRUARY 16TH AND 17TH

(Previous reference January 25)

12. *The Minister of Finance* submitted instructions for the delegation attending the forthcoming meeting of the Canada-United States Committee on Trade and Economic Affairs to be held in Washington on February 16th and 17th.

An explanatory memorandum had been circulated, (Minister's memorandum, Feb. 11 — Cab. Doc. 45/60).

13. *Mr. Fleming* recalled that, at the meeting of the Committee a year ago,[121] the U.S. had said that the new item of Canadian legislation, Section 40A 7(b) of the Customs Act, concerning the fixing of values for duty of fresh fruits and vegetables, was contrary to the G.A.T.T. The Canadian side had agreed to consult the U.S. in connection with proclamation of this legislation. It had originally been decided not to proclaim until the negotiations with the

[121] Voir/See Volume 26, document 233.

U.S. on fruit and vegetable items had been concluded, and the tariff changes brought into effect. This had been done last year. The pressure to bring Section 40A 7(b) into force was not so severe now as it had been. However, if it were ever to be done, now was the easiest time.

The proposed action to be taken to implement the new amendment to the Telegraphs Act, and thereby to restrict the overseas business of U.S.-owned companies operating in Canada had not been placed on the agenda for the meeting but it might be advisable to inform the U.S. of Canadian intentions, including the proclamation of Part IV of the Telegraphs Act.

14. *The Minister of National Revenue* said that Section 40A 7(b) of the Customs Act should be proclaimed. It could be demonstrated to the U.S. that, for last year at any rate, their fruit and vegetable growers would not have been affected. As regards the U.S. subsidy on cotton products, the only reason the pressure in Canada had abated was because of a strike in textile mills in Quebec. As soon as this was settled the pressure from the Canadian industry for action would again be strong.

15. *The Prime Minister* remarked that, because the external affairs debate in the House would be continuing on Tuesday, the Secretary of State for External Affairs would be unable to go to Washington.

16. *The Cabinet*,

(a) approved the instructions to the delegation attending the meeting of the Canada-United States Committee on Trade and Economic Affairs in Washington on February 16th and 17th, as submitted (Cab. Doc. 45/60, February 11th);

(b) agreed that the United States side be informed that the Canadian Government was considering the proclamation, in the near future, of Section 40A 7(b) of the Customs Act concerning values for duty of fresh fruits and vegetables, but that no decision to proclaim this section should be taken until after this consultation with the United States;

(c) noted that the Secretary of State for External Affairs would consider, before the meeting, the question of advising the United States of the recent decision of the government regarding the Commonwealth Pacific cable project and the consequential action it was planned to take in bringing into effect the recent amendment to the Telegraphs Act, and limiting the activities in transoceanic communications from Canada of companies other than the Canadian Overseas Telecommunication Corporation; and

(d) noted that, because of the continuance on Tuesday of the debate on foreign affairs, the Secretary of State for External Affairs would be unable to attend the meeting.

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314. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], February 18, 1960

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),

The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Martin), (Dr. Hodgson).

CANADA-UNITED STATES MINISTERIAL MEETING ON TRADE AND ECONOMIC AFFAIRS; WASHINGTON, FEBRUARY 16TH AND 17TH; REPORT BY MINISTER OF FINANCE

(Previous reference Feb. 12)

1. *The Minister of Finance* circulated the communiqué[122] issued at the conclusion of the meetings of the Canada-United States Ministerial Committee on Trade and Economic Affairs in Washington on February 16th and 17th, and reported on the outcome of the discussions. Of the meetings he had attended, this had been the best and most constructive of all. Discussion had been frank and friendly on all the subjects included on the agenda.

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315. DEA/14405-C-8-1-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 428 Washington, February 22, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: Our Tel 424 Feb 22.†
Repeat T and C Ottawa (Warren), Finance Ottawa (Plumptre), Agriculture Ottawa (Pearsall), Bank of Canada (Rasminsky) (Priority) from Ottawa, NATO Paris, Paris, London (Information), NATO Paris, Bonn, Brussels from Ottawa.

CANADA-USA MINISTERIAL COMMITTEE (ECONOMIC)

Following is summary of the discussion in the Committee under the various relevant headings. While this summary is in draft form subject to approval by ministers we felt it would be useful to transmit same to other interested posts. Complete draft minutes will be forwarded to Ottawa by air bag this week.

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[122] Voir « Rapports économiques entre le Canada et les États-Unis », *Affaires extérieures*, vol. 12, nº 3 (mars 1960), pp. 566 à 568.
See "Canada-U.S. Economie Co-operation," *External* Affairs, Vol. 12, No. 3 (March 1960), pp. 565-567.

2. *Item I — Economic Outlook for Canada and USA.* The Committee agreed that 1959 had been remarkably successful with new records in most sectors of USA and Canadian economies. 1960 offered excellent prospects for further sustained growth provided that policies designed to avoid inflation and minimize cyclical movements were pursued. The consumer price index had risen only slightly in both countries during 1959 and prospects for controlling inflation had improved. Public confidence had increased in the ability of governments to act effectively in this field, as evidenced by the recent improvement in the bond markets in both Canada and USA.

3. While the deficit in USA balance of payments in 1959 had reached a record of dollars 3.7 billion, Secretary Anderson said there had recently been a marked increase in international confidence that USA balance of payments problem was manageable and that USA government was taking the necessary measures to correct it. While the situation required watching, he thought that there would be a substantial improvement in the balance of payments in 1960. He indicated that USA would be pursuing a vigorous programme of export promotion and stressed that corrective action by USA had been directed towards increased multilateral trade rather than enhanced domestic protection.

4. Mr. Fleming referred to the substantial Canadian trade deficit in 1959, due largely to the great imbalance in trade with USA. In compensation for this deficit there had been a sizable inflow of USA investment funds into Canada. These funds were welcomed by the Canadian government which would pursue policies designed to encourage sound long term investment of this kind. The capital inflow had helped to mitigate a severe shortage of Canadian capital which had developed in 1959 due to the high rate of economic activity. Money supply had not repeat not increased much and the commercial banks had been unable to meet all demands for credit. The Canadian government would continue policies designed to maintain the value of the dollar and regarded this as essential for further sustained orderly growth. In particular, the government was determined to achieve a closer balance between revenues and expenditures for the coming fiscal year.

5. *Item Two. Soviet Block Economic Offensive.* Canadian ministers were concerned that Canada appeared vulnerable to a Soviet trade offensive due to similarities of production in the two countries (e.g. forest products and wheat). Mr. Dillon took the view that, while commodity dumping might pose a long term problem, the relatively limited capacity of the Soviet economy at present precluded the initiation of any general Soviet economic offensive specifically designed to disrupt free-world economies. Current Soviet foreign trade appeared to be directed either towards political goals (e.g. Cuba) or the acquisition of foreign exchange for essential imports to meet the targets of the seven-year plan. Pressure on exports might develop (e.g. Soviet oil), particularly if USSR failed to secure extensive credits abroad, and it might then be necessary for free nations to develop a common policy to meet specific Soviet threats as in the recent case of Soviet aluminum dumping in UK.

6. *Item Three. Consultation Among Capital Exporters.* Mr. Fleming said that, while in the Canadian view neither Canada nor USA needed a new institution to channel aid to underdeveloped countries, Canada had supported USA initiative in Paris on the grounds that certain other countries should be increasing their share of foreign aid. He expressed some concern that USA views on the Development Assistance Group (DAG) might have changed since the Paris meetings and stressed that by participating in this group the Canadian government was not repeat not committing itself to increasing the amount of Canadian aid programmes, nor to changing the methods and national institutions through which these programmes were implemented, nor to submitting these programmes to international scrutiny.

7. Mr. Dillon assured Canadian ministers that there had been no repeat no change in USA views. DAG should avoid "burden sharing" and should not repeat not become involved in

activities which would interfere with any country. USA intention was that DAG should undertake an exchange of views designed to elicit new ideas on the maximization of aid contributions, which might be useful to some participating countries. Germany, for example, had expressed a willingness to increase its long term aid lending but claimed that it lacked the experience and "know-how" to do so.

8. Misgivings were expressed concerning some German proposals for aid coordination. The Germans would apparently like to have greater information exchanges on aid programmes beginning as soon as aid negotiations were instituted. It appeared to USA that the most which would be desirable was a "post hoc" clearing house type of operation.

9. Mr. Fleming agreed with the above but expressed concern regarding the extension of credit facilities by donor countries on a "tied" basis, and in particular the policies followed by the Export-Import Bank and Development Loan Fund. Such policies created real difficulties for Canada and Mr. Fleming asked whether there might be any further extensions of USA policy in this direction.

10. USA secretaries did not repeat not make a direct reply. They pointed out that, in special circumstances, Export-Import Bank and Development Loan Fund had made long term loans on terms other than those approved by the Bern Union but that this was primarily to finance heavy machinery and steel exports. It was their view that other industrialized countries able to export these items could now provide any credit which might be necessary and they thought that under-developed countries wishing to purchase such capital goods in the cheapest market should look to the exporting country for credit. It thus seemed proper to them that USA lending of this kind should be related to USA exports, particularly as USA accepted repayment in local currency for many of these loans which thus approximate to grant aid. Reference was made to the improper use by some western Europe countries of their short term credit facilities to finance capital goods rather than consumer goods. Under developed countries which accepted impossible terms of amortization frequently could not repeat not meet their repayment commitments and expected other countries (usually USA) to help them out of their difficulties.

10a. *Item Four. Progress in Removal of Discriminatory Restrictions.* The committee noted the substantial progress made particularly by European countries, in reducing dollar discrimination. However, serious discriminatory measures still existed in a number of countries, particularly France, Italy, Germany and UK as well as Japan and Brazil. Canada and USA will be continuing to press for the removal of remaining discrimination.

11. Mr. Dillon proposed that Canadian and USA officials should maintain close liaison on EEC agricultural policy. USA was planning to make further representations to the EEC on this subject in March and it was suggested that Canada might wish to do likewise. USA representatives also indicated the desirability of examining EEC agricultural policy proposals at the first GATT meeting after their publication. Mr. Benson and Mr. Harkness expressed concern about the level of discrimination which might be set up by the Six.

12. *Item Five. Problems of Low Cost Imports.* Mr. Fleming reviewed the history of Canadian-Japanese trade relations since 1954 and stressed the greatly increased level of Japanese exports to Canada. The Canadian market now absorbed more Japanese textiles than all Western European markets together and Canada was bearing an undue proportion of the burden of low cost imports. It was essential that other importing countries should share this burden. The Committee agreed that a long term solution to this problem could only be found on a multilateral basis. Mr. Dillon indicated that USA faced much the same situation as Canada and pointed out that this was a growing problem as more Asian countries developed their productive capacity. The present voluntary export control system operated by Japan was only a temporary expedient. USA representatives indicated that various types of solution

would be required for different commodities and suggested that a system of export taxes might be a partial solution. USA would welcome proposals from Canada and agreed to make available information to Canadian officials of USA experience in dealing with particular low cost import problems.

13. *Item Six. Follow up of Paris Economic Meetings — Trade.* Mr. Dillon said that it was now clear that the Seven would not repeat not seek to resume Europe-wide FTA negotiations in the Trade Committee for the time being. He referred to the various proposals for extension of internal tariff cuts by the Six and Seven and for the acceleration of the Common Market Tariff. USA would now have much to gain from negotiations between the Six and Seven. USA felt that the Trade Committee should not repeat not deal with agriculture, low cost imports or other trade problems of primary interest to the GATT. It was agreed that there should be early exam of the EEC agricultural policy in GATT and that in the meantime consideration should be given to further bilateral representations to the Six.

14. Canadian ministers expressed concern about the Common Market Tariff with particular reference to basic materials and to possible increases by the low tariff countries. They said Canada would prefer that solutions be sought through generalized tariff reductions and hoped USA would use its bargaining power to this effect. Mr. Dillon indicated that USA recognized Canada's interest in the activities of the Trade Committee and would support Canadian membership in any sub-group which might be created.

15. Canadian ministers suggested the desirability of looking for initiatives going beyond the GATT tariff negotiations. In particular, they suggested world free trade in basic commodities and tropical products. USA representatives indicated interest in this proposal but expressed doubts as to its feasibility at the present time.

16. Canadian ministers stressed the importance of USA negotiating powers and enquired as to the possibility of broader tariff cutting authority in the future. USA representatives explained that in view of the forthcoming elections and the fact that Congress would not repeat not normally be considering USA trade agreements legislation before 1962, it was not repeat not possible to give firm indications of likely future action. However, if the GATT tariff negotiations were successful and USA balance of payments problem was reduced, circumstances might be more favourable than at present.

17. *Item Seven. Reconstitution of OEEC.* Mr. Dillon indicated that in USA view there were two key issues (i) the question of trade functions for the OEEC and (ii) the question of decisions or recommendations. In view of currency convertibility and progress in removal of discrimination USA feel that the minimum emphasis should be placed on trade matters, which should be dealt with primarily in the GATT. Trade matters should be taken up by the OEEC only in connection with (a) consultation on economic policy and (b) special problems such as the Six and Seven, Spain, Yugoslavia, etc.

18. Regarding the question of decisions Mr. Dillon referred to the difficulties this raised with respect to Congress. USA views on this subject were now being developed.

19. Mr. Fleming stressed that Canada would be unable to accept any binding decisions or commitments or critical recommendations by the new organization regarding its trade, monetary or fiscal policies. Mr. Dillon said this was also USA view. It was agreed that Canadian and USA officials would continue to maintain close liaison on the subject of OEEC.

20. *Item Eight. Canada-USA Trade.* Satisfaction was expressed by both sides at accomplishment of Committee and the value of consultations was reiterated.

(1) *Welland Canal.* USA representatives enquired on this subject and were informed of Canadian plans for increasing the capacity of the Welland Canal.

(2) *Agriculture*. It was agreed that cooperation in this area had been fruitful and that some troublesome issues had been kept within bounds since the last meeting of the Committee.

(a) *Fruits and Vegetables*. USA representatives were informed that the Canadian government was contemplating proclamation of the valuation provisions of the Customs Act. This did not repeat not in itself change the present situation but Canada would consult where possible before taking action under these provisions. USA representatives referred to the desirability of abiding by GATT rules on valuation and stressed the importance they attached to consultations prior to any action that might be taken under these provisions.

(b) *Flax and Linseed Oil*. Canadian ministers suggested that USA restrictions on these products should be removed. USA representatives recognized that the situation in USA had improved. They wished, however, to wait until sowing intentions were known before considering relaxation of present restrictions.

(c) *Cheddar*. In response to a Canadian request for the relaxation of USA restrictions on imports of Canadian cheddar, USA representatives stated that these restrictions were being kept under continuing review and would be relaxed when this became possible.

(d) *Race Track Industry*. Mr. Harkness referred to the problem created by withholding taxes applied by certain USA race tracks and USA representatives undertook to look into the matter.

(e) *Turkeys*. USA representatives stated their continuing interest in having the Canadian import controls removed.

(3) *Cotton Equalization Payments*. Mr. Fleming drew attention to the problems encountered by the Canadian cotton textile industry as a result of the cotton equalization payments made on USA textile exports to Canada. The incentive provided by the scheme to increase exports to Canada was emphasized. Reference was made to the possibility that countervailing duties might be necessary if critical problems developed. USA representatives reiterated their position that this payment scheme was solely designed as a compensatory plan and no repeat no fundamental change in the policy seemed practical. USA however agreed to keep this policy under study and would examine any suggestions which Canada might have about changes to be made in the technical features of the scheme.

(4) *Surplus Disposal*. Mr. Churchill welcomed the changes which had been made in USA barter arrangements in recent months, which had eliminated barter operations in many of Canada's normal markets. USA representatives acknowledged that barter, with its price-cutting aspects, and other concessional sales, presented difficulties for both USA and Canadian commercial wheat marketing. It was agreed that the regular quarterly meetings on wheat and related problems, between Canadian and USA officials, are proving most useful. Mr. Churchill emphasized his hope that USA would not repeat not take steps to preclude competition in wheat markets, particularly those capable of expansion. USA representatives replied that they had no repeat no intention of arranging preferred position in new markets and that as countries became able to purchase wheat on commercial terms, USA concessional sales would be reduced or eliminated. Canadian representatives urged the desirability of stability in wheat prices.

(5) *Oil and Gas*. Mr. Churchill indicated satisfaction with the present exemption for Canadian petroleum, and hoped that present and potential marketing opportunities would be maintained. USA representatives indicated that there was no repeat no intention of changing present arrangements. On natural gas, Mr. Churchill urged the desirability of procedures for continuing liaison between the Federal Power Commission and the National Energy Board on applications regarding the trans-border movement of gas. He also recommended the exchange of information between the two governments on decisions regarding the export and import of

gas. USA representatives agreed to these proposals and it was accepted that officials from the two countries should meet in the near future to work out the necessary procedures.

(6) *Uranium*. Mr. Churchill asked that if the demand position for uranium should improve, USA authorities would take into account the productive capacity available in Canada. At the same time, he expressed satisfaction over the stretch-out agreement which had been reached on supply of uranium to USA. USA representative replied that there had been no repeat no change in their forecasts for future uranium demand but that if requirements increased, USA authorities would certainly consider the possibility of supply from Canada. Mr. Churchill also mentioned a problem involving USA tariff for magnesium, and said that details would be discussed later by Canadian officials.

(7) *Lead and Zinc*. Mr. Churchill urged USA to remove the current restrictions on lead and zinc, pointing to the substantially improved world situation, particularly in zinc, and to the fact that Canada did not repeat not agree that the quota restrictions were justifiable under Article XIX of the GATT. Mr. Seaton replied that, although the quota system was not repeat not intended to be permanent, there was not repeat not much hope that quotas could be withdrawn, at least during 1960. Strong pressures for increased protection were being exerted by the domestic industry, both on the administration and on congress.

(8) *Charge for Overflights*. USA representatives asked that Canada reconsider the overflying charge of $64 per flight, introduced on January 1st, for international flights using Canadian air-route facilities. Their concern was that such a charge might be adopted by many other countries, adding a substantial cost factor to international flights, and affecting the profits of USA airlines. Mr. Fleming replied that this charge had been necessitated by rapidly increasing costs in maintaining air-route facilities which had not repeat not been counterbalanced by any increases in landings charge revenue. Other countries had imposed similar charges in the past.

(9) *USA Trucking into Canada*. USA representatives asked that reconsideration be given to an amendment to the Canadian customs regulations limiting the number of Canadian points to which USA truck carriers could deliver goods from USA. Mr. Fleming replied that this regulation had been required because of a number of cases in which it had been found that USA truckers, operating vehicles in Canada on a non-duty paid basis, had been carrying Canadian goods from one point in Canada to another. This was traffic which could not repeat not be justified to Canadian carriers.

(10) *Other Business – Telegraphs Act*. The Canadian ministers took the occasion of the meeting to inform USA in advance of the Canadian decision to proclaim part four of the Telegraphs Act on February 24 to become effective March first 1960. This action had become necessary to fulfill Canada's obligation to the Commonwealth Communications System. Its effect will be to restrict USA communications companies operating in Canada to the use of Commonwealth cable facilities for overseas traffic where these are available, and to prohibit, except with ministerial authority, the use of indirect facilities through USA.

[A.D.P.] HEENEY

SECTION B

RESTRICTIONS À L'IMPORTATION
IMPORT RESTRICTIONS

316. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], February 5, 1960

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Dr. Hodgson).

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EMBARGO ON HOGS FROM U.S.

8. *The Minister of Agriculture* reported that, since 1952, the import of hogs from the U.S. had been prohibited because of an outbreak of a hog disease in that country. The last reported case had occurred in 1956, and finally on October 22nd, 1959, the U.S. government had officially declared the country free from the disease.

The Minister had not been prepared to recommend the removal of the embargo until the deficiency payment plan had effectively replaced the purchase of hogs as a method of price support in Canada. Veterinarians of the Canadian government had visited the U.S. and had confirmed that the disease had been eradicated there. In the circumstances, he now recommended the removal of the embargo and suggested that he might make an announcement on the subject on February 8th. The U.S. authorities were not pressing unduly, but they obviously expected that the importation of hogs into Canada would again be permitted.

Removal of the embargo had been expected for several months by most persons engaged in the hog business, and the price structure had become artificial. The price in Chicago was about $16.50 to $16.75 per hundredweight; it was $18 in Western Canada as compared with from $21 to $25 in Toronto. Packers in Western Canada had stopped buying Canadian hogs because

they would not be brought to market in Eastern Canada for three weeks, and the packers anticipated that U.S. hogs would be competing in the eastern market by that time. The consequence was that prices had been falling in Western Canada and rising in Eastern Canada, and a spread of $7 to $8 per hundredweight had developed, although freight costs would account for only $2 to $4 per hundredweight. The removal of the embargo would cause a considerable reduction in prices.

9. *During the brief discussion* it was noted that, although the removal of the embargo might be unwelcome to Canadian producers, the government had no real alternative. Lower pork prices would be popular with consumers. The announcement on the subject should be made prior to the forthcoming trade discussions with the U.S. authorities.

10. *The* Cabinet approved the recommendation of the Minister of Agriculture that, on February 8th, he should announce the lifting of the embargo on the import of hogs from the U.S.

. . .

317. DEA/3300-40

Le sous-secrétaire d'État aux Affaires extérieures
pour le sous-ministre du Commerce,
le sous-ministre des Finances,
le sous-ministre du Revenu national
et le secrétaire du Cabinet

Under-Secretary of State for External Affairs
to Deputy Minister of Trade and Commerce,
Deputy Minister of Finance,
Deputy Minister of National Revenue,
and Secretary to Cabinet

[Ottawa], May 20, 1960

I enclose a copy of an Aide-Mémoire left with us yesterday by the United States Embassy concerning "the restrictive licensing policies applied by Canadian provinces to the distribution of United States brewery products." The note cites paragraph XII of Article XXIV of the GATT as a basis for seeking intervention by the Government of Canada with the provincial governments in obtaining removal or relaxation of provincial licensing restrictions.

We should be glad to have your suggestions regarding our response to this Aide-Mémoire. Mr. Thrasher of the United States Embassy informed us that it was also intended to have the United States Consul in the City of Quebec approach the provincial authorities. Our first reaction is that the United States Embassy should be informed that since this is a matter under provincial jurisdiction we believe that they would be much better advised to have the matter taken up directly by the U.S. exporters concerned with the provincial authorities. It also does not seem to strengthen the U.S. case or to be very appropriate to include in the Aide-Mémoire reference to internal Canadian constitutional arrangements.[123]

M.A. CROWE
for Under-Secretary of State
for External Affairs

PIÈCE JOINTE/ENCLOSURE

Aide-Mémoire de l'ambassade des États-Unis

Aide-Mémoire by Embassy of United States

Ottawa, May 19, 1960

The Embassy of the United States of America has been instructed by the United States Government to make appropriate representations to the Government of Canada concerning the restrictive licensing policies applied by Canadian provinces to the distribution of United States brewery products.

It is recognized that the governments of the provinces have jurisdiction as regards distribution of malt beverages and do not consider themselves bound by international trade agreements entered into by the federal government. Under paragraph XII of Article XXIV of the General Agreement on Tariffs and Trade, however, each contracting party undertakes to seek observance of the Agreement by local governments. The ability of a contracting party to comply would seem greater when the local authority exercises a delegated power instead of an original power. As this is understood to be the case in Canada, where the licensing authority was delegated to the provinces in the Federal Act of 1928, it is the belief of the United States Government that the Government of Canada may be in a position to make representations to the provincial governments for relaxation of their restrictive licensing policies.

Canadian ales and beers enter the various states of the United States with no restriction greater than that imposed on ales and beers coming into a state from a sister state, the only exception being an import duty of 12 1/2 cents per United States gallon, which is comparable with the Canadian import duty on foreign beer entering Canada. Moreover, licenses and permits are available to Canadian brewers in states where they are needed, and many states require no license or permit whatever. The latter is true, for example, of the State of New Jersey, which permits the free importation of foreign ales and beers by New Jersey wholesalers with no requirement that the foreign brewer hold any permit or license in the state.

The State of New Jersey is mentioned particularly because a brewer whose headquarters are located in that state, P. Ballantine and Sons, has attempted on many occasions to obtain permission to sell its malt beverages in Canada, and especially in the Province of Quebec.

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[123] Note marginale :/Marginal note:
(1) How do we stand now re 'state' discrimination against Canadian goods — of similar regulations re dairy products?
(2) What is position re history of U.S. wines and spirits by Provincial Liquor Boards?
(3) Is this argument on all four, with U.S. protests against differential whisky mark-ups? [N.A. Robertson]

With regard to that province, Ballantine was told by the Quebec Liquor Commission that the various provincial liquor boards impose a "gentleman's agreement" under which they refuse to distribute any new brands of beer. In addition to holding that its liquor stores could not stock Ballantine beverages or any other American malt beverages, it is understood the Quebec Liquor Commission has also failed to answer Ballantine's repeated requests for a permit to sell Ballantine products to a private distributor, to grocery stores, hotels and taverns.

It is the belief of the United States malt beverage industry that their products will find acceptance in Canada, just as Canadian ales and beers have found acceptance in the United States. In view of the relatively unimpeded access of Canadian brewery products to United States markets, the assistance of the Government of Canada is requested in obtaining removal or at least relaxation of provincial licensing restrictions.

318. DEA/3300-40

Le directeur des Relations économiques internationales du ministère des Finances au sous-secrétaire d'État aux Affaires extérieures

Director, International Economic Relations, Department of Finance, to Under-Secretary of State for External Affairs

Ottawa, June 8, 1960

Attention: Mr. M. A. Crowe

Dear Sir:

I have your letter of May 20th in which you invite our comments on a recent Aide Mémoire from the U.S. Embassy concerning restrictive licensing policies applied by Canadian provinces to the distribution of United States beer.

While it is true that the distribution of beer is a matter under provincial jurisdiction, there is some basis for the contention in the Aide Mémoire that Canada has an obligation under Article XXIV of the GATT to seek observance of the Agreement by local governments. Apart from this undertaking it would appear to be in Canada's trading interests to respond to the U.S. request in as helpful a manner as possible. There is always a danger of retaliatory action if U.S. brewing interests become convinced that their difficulties in entering Canadian markets are the result of restrictive policies of the Provincial Liquor Board.

In this connection you will recall the bill introduced in the U.S. House of Representatives by Congressman Dingle in 1955 to prohibit U.S. imports of Canadian beer, wine and whisky. The justification for this resolution included alleged restriction by the provinces against U.S. beer. A bill was also introduced in 1956 in the General Assembly of the State of Maryland, when Carlings Brewery was negotiating to establish a brewery in Baltimore, which would have required companies applying for a Maryland brewing licence to be at least 50 per cent owned by U.S. citizens.[124] While this initiative was undoubtedly taken primarily as a result of a fear among local brewing interests of increased competition, it is significant that in defense of the bill, the Associated Breweries of Baltimore stated, *inter alia*, that Canada's Provincial Liquor Commissions and Boards had refused to list U.S. beer.

[124] Voir volume 23, les documents 220 à 221./See Volume 23, documents 220-221.

During discussion of these measures (which happily were not adopted) as well as on previous occasions when charges of discrimination against imports of U.S. beer have been made, the Canadian Government used its good offices in an attempt to ensure that the practices followed by Provincial Liquor Boards in purchasing supplies were not restrictive. For instance in 1951, following informal representations to your Department by the U.S. Embassy, Mr. David Sim, Deputy Minister of National Revenue, brought the matter up at the annual conference of Provincial Liquor Commissioners and urged the Commissioners to make their purchases on a purely commercial basis.[125] The U.S. State Department also requested the Government's co-operation in dealing with the same problem in 1956 and steps were taken to inform the Canadian brewing industry of U.S. views.

These efforts appear to have been helpful in assisting U.S. brewers to sell their products in Canadian markets. We understand that in 1956 the Brewers Warehousing Company, which is the only organization in Ontario outside the Ontario Liquor Control Board that is permitted to sell and deliver beer, agreed to handle the distribution of U.S. beer through its various stores. We were under the impression that the U.S. brewers were well satisfied with this arrangement. However, there have been reports that continued difficulties were being experienced in distributing beer in Quebec. This information seems corroborated by the U.S. Aide Mémoire.

I have dwelt on steps which have been taken to facilitate the distribution of U.S. beer in Canada. I should add that the Government also helped to ease access of U.S. brewers to Canadian markets by reducing duties on foreign beer substantially in 1956.

I believe it would be possible, of course, to approach the provinces on this matter directly but experience has shown that this method is not likely to be very fruitful. It would probably be more effective to seek the co-operation of the Canadian brewing industry (e.g. the Dominion Brewers Association) which would naturally be concerned about the possibility of renewed demands for retaliatory action by the U.S. against imports of Canadian beer. Officials might therefore draw the industry's attention to the U.S. complaints, perhaps on an informal basis, and ask whether they do not think that in their own interests they should suggest that the provincial authorities remove some of the more obvious restrictions against U.S. beer. It would be for consideration how such an approach could best be made and what Government Department should undertake the task.

Yours very truly,
J.F. GRANDY

319. DEA/3300-40

Note de la 1ère Direction économique

Memorandum by Economic (1) Division

Ottawa, August 31, 1960

In its Aide-Mémoire of May 19 the United States Embassy requested the assistance of the Canadian Government in obtaining the agreement of the provincial authorities to have United States brewery products sold in Canada. The Canadian authorities have given careful and sympathetic consideration to these representations with a view to determining what action might appropriately be taken in dealing with the problem described in the Embassy's Aide Mémoire.

[125] Voir volume 17, chapitre VII, deuxième partie, section (g). /See Volume 17, Chapter VII, Part 2 (g).

The Embassy will be aware that this problem has arisen several times in the past, and that the Canadian Government has on those occasions used its good offices in seeking to ensure that the practices followed by Provincial Liquor Boards in purchasing supplies were not restrictive. The question of access to the Canadian market for United States brewery products was also drawn to the attention of the brewing industry in Canada.

The steps which were taken appear to have been of some assistance to United States brewers wishing to sell their products in Canadian markets. For example, in 1956 the Brewers Warehousing Company, which is the only organization in Ontario outside the Ontario Liquor Control Board that is permitted to sell and deliver beer, agreed to handle the distribution of United States beer through its stores. It is the Canadian authorities understanding that this arrangement was considered satisfactory by the interested United States companies. It may also be appropriate to recall, as evidence of Canada's desire to facilitate this trade, that in 1956 the Canadian Government granted the United States a tariff concession on beer, which involved a reduction of preferential margins.

The representations contained in the Embassy's Aide-Mémoire of May 19 have been drawn to the attention of the Chairman of the Liquor Commissions at their annual conference last month, and of representatives of the Dominion Brewers' Association. The Embassy may be assured that the Canadian Government will continue to take such reasonable measures as may be available to it to ensure observance of the provisions of GATT by the provincial governments and their agencies in respect of the import and sale of United States beer.

O.G. STONER

320. DEA/3300-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], December 19, 1960

CANADIAN QUOTA ON IMPORTATION OF TURKEYS

Attached is a copy of a Note dated December 14,† which the Chargé d'Affaires a.i. of the United States Embassy left with me last week. Copies have been referred to the Department of Agriculture and other interested departments and there has been some preliminary inter-departmental discussion of what our answer would be. The Note repeats the request made a number of times already by the United States Government for the elimination of Canadian quotas on imports of United States turkeys. Importation of United States turkeys into Canada has been restricted since 1957,[126] and the United States has consistently taken the position that this is contrary to our obligations under the GATT. Although the United States has told us on a number of occasions that they might have to make a formal complaint in the GATT, this step has so far been avoided. The complete prohibition imposed in 1957 was modified in 1959 when a quota of 1 million pounds a quarter was established.[127] This was further modified in August of this year when the United States authorities were told that, while the total annual quota of 4 million pounds remained unchanged, imports of up to 2 million pounds would be

[126] Voir/See Volume 25, document 193.
[127] Voir/See Volume 26, document 250.

permitted in any one quarter. This allowed United States importers much greater flexibility in timing their shipments and made it easier to ensure that the entire annual quota was used.

Officials of the Department of Agriculture have agreed to make another thorough review of this question to see whether the quota might be enlarged for next year, or indeed whether it could be disposed of, and there will shortly be further inter-departmental consultation on the matter.

N.A. R[OBERTSON]

321. DEA/3300-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], December 30, 1960

INFORMAL DISCUSSIONS WITH THE UNITED STATES ON AMENDMENT OF CUSTOMS TARIFF PROVISIONS ON GOODS OF A CLASS OR KIND MADE IN CANADA

The United States is, of course, very much interested in the effect on their trade of the measures announced in the budget on "class or kind."[128] They were very anxious for consultations before the measures were announced, and the subject was discussed by the Minister of Finance with Mr. Dillon in Paris, and subsequently by the Minister of Finance and officials of the Department of Finance with the United States Chargé d'Affaires in Ottawa.

The United States have now asked for further discussions of the possible effect of the measures after they have had an opportunity to study in detail the proposals set out in the budget. Mr. Fleming has been consulted and has agreed that in response to this request we should be prepared to hold informal discussions on the subject between Canadian and United States officials concerned. The matter was also discussed yesterday at an inter-departmental meeting, and it was agreed that a message along the lines of the attached telegram should be sent to our Embassy in Washington.

On the substance of the issue as set out by Mr. Fleming in his budget speech, the protection afforded Canadian industry by the class or kind provisions of the Customs Tariff has been eroded over the last five or ten years by Tariff Board decisions and a Supreme Court decision tending to restrict and narrow the definition of "class or kind made in Canada," thereby giving lower or free tariff rates to a wider range of imports than was intended by the original legislation. The amendment proposed by the Minister of Finance would:

(a) in the case of goods, other than goods custom made to specifications, broaden the description of class or kind to "goods of approximately the same class or kind" made or produced in Canada. It is also provided in this case that at least 10 percent of the normal Canadian consumption of such goods must be made or produced in Canada if they are to qualify as of a class or kind made in Canada; and

(b) in the case of goods custom made to specifications, they would be regarded as of a class or kind made or produced in Canada if "adequate facilities exist in Canada for the economic production of such goods within a reasonable period of time."

[128] Voir Canada, Chambre des Communes, *Débats*, 1960-61, Volume I, pp. 1037 à 1056.
See Canada, House of Commons, *Debates*, 1960-61, Volume I, pp. 999-1017.

The amendment also provides that the decision of the Minister of National Revenue with respect to all these matters shall be final.[129]

N.A. R[OBERTSON]

322. DEA/3300-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM ET-1768 Ottawa, December 30, 1960

CONFIDENTIAL. OPIMMEDIATE.

Repeat GATT Tariff Del Geneva (Information).

GOODS OF A CLASS OR KIND MADE IN CANADA — INFORMAL DISCUSSIONS WITH THE US

You may inform US authorities that in response to their request we would be prepared to hold informal discussions with a group of the US officials concerned on the measures relating to this subject set out in the budget. The most convenient time for Canadian officials would be sometime between the 9th and 16th of January. Please ascertain therefore whether it would be possible for the US group to come to Ottawa within that period.

2. For our part we would not expect any publicity in connection with this meeting, at any rate before it takes place. If, however, the US authorities feel that some public announcement is unavoidable, they should consult with us on what might be said.

SECTION C

PÉTROLE ET GAZ
OIL AND GAS

323. DEA/14405-C-8-1-40

Note de la direction générale des Relations commerciales internationales
du Commerce
pour le sous-ministre adjoint du Commerce

Memorandum from International Trade Relations Branch
of Trade and Commerce
to Assistant Deputy Minister of Trade and Commerce

[Ottawa], June 1, 1960

NATURAL GAS EXPORTS AND CANADIAN SOVEREIGNTY

You asked for some analysis of the decision issued on April 29, 1960 by FPC Examiner Neston, giving conditional approval to the importation of Canadian gas by Pacific Gas

[129] Notes marginales :/Marginal notes:
A little too sweeping in the light of explanations during meetings with U.S. M. C[rowe]
OK HC G[reen]

Transmission Company, El Paso Natural Gas Company and Montana Power Company. Exceptions to this decision have already been filed by the first two of these companies, as well as by the staff of the Commission itself. It has been suggested that this Government might wish to express any feelings of its own on the subject through the State Department.

Those parts of the decision to which exception is taken reflect the Examiner's uneasiness over the fact that natural gas imported from a foreign country lies quite beyond U.S. regulatory control until it crosses the border. In his own words, "The only important issue in the case is whether such a project, involving future costs to American consumers based on unregulated 'fair field prices' to be paid to Canadian producers, plus Canadian transmission charges not fixed for the protection of the said consumers, is consonant with the American public interest." He continues in the text.

> "Except for the rather abstract expressions of the California Commission, no participant in the record has raised or discussed the question of how much this project gas will cost the American consumers. Yet, as will be seen, the prospective gas costs at the border, and the future possibilities of higher Canadian costs over which this Commission has no control, makes the issue one of high importance. After many millions of dollars are invested in the general project, there will be no practical alternative to continuation of the project supply at almost any price that may be exacted. Stated simply, domestic gas prices in the project area are, for the most part, regulated in the interests of consumers from the wellhead to the burner top. Should the situation be otherwise in the case of Canadian gas? ... The subject cannot be rationalized by unilateral action of this Commission in the imposition of border price conditions, because (a) it is impossible to forecast future costs and revenue needs of the Canadian companies, and (b) such action would be in substance an unseemly attempt to indirectly control Canadian regulatory policy ... It is desirable to retain the possibility of future control over contract prices and rates, which possibility is not necessarily implicit in the Canadian regulatory process unless provided for at the outset. If the Commission and all others concerned are continuously during the life of the project supplied with the facts behind prices at the Canadian border, the basis will be established for appropriate action — a change in the regulatory process — in the light of such facts ... In the event that the annual reports signal the existence or possibility of excessive costs or prices in the Canadian components of the project, further action may be taken by the Commission, the local authorities in the territories to be served, or jointly by both, to induce representation, through appropriate channels to the appropriate Canadian authorities, on behalf of American consumers ... In view of the evident good faith desire of all project components, including the Canadian components, to serve project gas at the lowest reasonable rates, there will be no objection to the requirement of full disclosure of prices back to the wellhead annually during the life of the project, or to the reservation of the possibility of future Canadian prices regulations as described."

In short, the Examiner felt that blanket authorization of these projects would imply (a) acceptance of the odd preference for Canadian producers, who could charge what the market would bear, over U.S. producers whose prices were regulated in the interests of the consumer; (b) approval in principle of "field price" contracts with diverse unregulated escalator prospects; and (c) Canadian service and transmission charges not necessarily regulated in the interest of American consumers.

His solution to these problems was to have each of the three U.S. companies concerned file annual reports with the Commission showing complete details of the operations of each project component, including those within Canada. Pacific Gas Transmission would report for Alberta and Southern, Alberta Gas Trunk Line and Alberta Natural Gas; El Paso for Westcoast Transmission; and Montana Power for Canadian-Montana. Such details would include data on

field prices, financial statements, the cost of delivered gas, revenue and volume figures, tax accruals, new construction and copies of new or revised gas purchase contracts. If this information uncovered what appeared to be excessive costs on the Canadian side of the border, representations might be made to the appropriate authorities in this country.

The Examiner also felt that blanket authorization of the projects would imply acceptance of imperfect showings as to the cost of equity involved in project capital, and the necessary rates of overall return as hinged on the cost of interest-money capital at the time of financing. He would therefore, condition the issuance of a certificate on the "further showing of necessary overall rate of return for project companies when financing is in imminent prospect." Going into detail, he recommended that the overall rate of return disclosed should be such as to provide, in respect of equity securities allowable to each project component, a return within a certain range. For Alberta and Southern, this would lie between 10-12 percent. For Alberta Natural Gas, Alberta Trunk Line and Westcoast Transmission, it should be no more than that currently being realized by utility companies in Western Canada, including Trunk Line and Westcoast themselves.

The decision dealt as well with certain purely domestic matters, but any communication which we might wish to make to State Department would obviously be concerned with those points mentioned above. Some of our possible objections have, in fact, already been anticipated in the brief filed on May 17 by the Commission staff. With regard to the rate of return conditions proposed by the Examiner, the Staff submitted that the FPC could neither feasibly nor legally exercise what amounted to indirect control of the rate of return of the project's Canadian components. The chief companies concerned, for example, Alberta Gas Trunk Line and Alberta Natural Gas were both subject to Canadian regulation in this regard, the first by the Alberta Board of Public Utility Commissioners, the second by the National Energy Board. While the agreed rate of return of 7 1/2 percent might be pierced sometime in the future, there appeared to be no feasible way in which the FPC could do more than approve delivered prices to the U.S. consumer on the assumption that the present arrangements of the Canadian companies with regard to rate of return would remain fixed, save under circumstances beyond control.

Alberta Gas Trunk Line differs from the other Canadian components in that it makes no promise of a fixed rate of return. Subject to approval by the provincial Board of Public Utility Commissioners, its directors hold the right to fix its rates, tolls and other charges, on a cost of service basis. The FPC staff had at one time suggested that any increased costs, arising from a rate of return for Trunk Line higher than 7 1/2 percent, should not be allowed to be passed on to the consumer unless the U.S. company concerned could prove that its Canadian shippers had "vigorously" contested the new rate before the Utility Board. On reconsideration, however, the staff decided that this would be a meaningless gesture, and an indirect attempt to control a utility which was subject to the jurisdiction of a Canadian regulatory agency.

The reporting requirements were also turned down, as imposing duties on Canadian subsidiaries which lay outside the authority of the FPC. The Staff Counsel stated:

> "(The Examiner's) specific findings do trespass upon Canadian authority and are tantamount to mandates and controls to be imposed upon Canadian companies. The Examiner fails to recognize that the goals he seek to reach are beyond the control of the Federal Power Commission if an import licence is to be issued … The Staff is quite alert to the inherent dangers of importation without a fixed price at the border, but a regulatory agency must balance interests to the best of its ability without frustrating a project which is desirable in the public interest."

El Paso and Pacific Gas Transmission filed similar exceptions, in which they referred darkly to regulatory invasion of Canadian sovereignty. Canadian firms, it was submitted, could

not be defined as "natural gas companies" under the U.S. Natural Gas Act. Consequently, the FPC had no authority to regulate their return on equity. As for annual reports, the American importers could not require their Canadian components to furnish information not required by the Canadian authorities or by the contractual provisions already placed on record. Finally, a regulatory agency such as the FPC could not accomplish by certificate condition that which it could not accomplish directly.

Additional arguments pointed out that all the information necessary on which to base a decision was already available to the Commission, that the future was admittedly cloudy, as all futures were, with respect to wellhead prices and transportation costs, but that these matters were within the regulatory scope of Canadian authorities, in whose good faith and efficiency the U.S. consumer must trust.

Those companies which have filed exceptions may be guilty, for their own reasons, of slightly exaggerating the affront to our sovereignty. It is undeniable, however, that Canadian toes are being trod on to some degree. Under the Natural Gas Act, the FPC can neither directly regulate the rate of return nor require reports from, any company save that defined as a "natural gas company," i.e. "a person engaged in the transportation of natural gas in interstate commerce, or the sale in interstate commerce of such gas for resale." Interstate commerce, in turn, refers to "commerce between any point in a State and any point outside thereof, or between points within the same State but through any place outside thereof, *but only insofar as such commerce takes place within the United States*." A 1957 decision by a U.S. Court of Appeals, quoted in the Pacific Gas Transmission brief, makes it equally clear that the Commission cannot overcome this lack of authority by throwing the responsibility for Canadian control on the American companies, as a condition attached to their certificates.

Canadian intervention will scarcely be needed to point out that the Examiner is constitutionally out of bounds so far as the Natural Gas Act is concerned. It might be helpful, however, if we were to point out the extent of the trespass on our own authority, and the basis on which the latter rests. This might at least rouse some interest in State Department as to the real need for exchanges of information between the FPC and the National Energy Board.

It might be pointed out that our natural gas industry, insofar as it is regulated at all, is regulated in the Canadian public interest. There is no provision for recognizing U.S. public interest, save where it affects our own. At the same time the fact that consumers in Canada are being supplied from the same gas fields and, to some extent, by the same pipelines, makes it unlikely that costs within Canada would be allowed to rise excessively without cause. The American consumer would in most cases be indirectly protected by our own self-interest.

Secondly, Canadian authorities have approved certain rates of return for the companies in question. These allowances, in their estimation, represent the best compromise between consumer protection and the utility's need to attract capital. While we cannot prevent the FPC attaching conditions to their certificates which would have the effect of tampering with these rates of return, there would be no question of actually allowing changes to be made at this point, unless it could be proved to be in the Canadian public interest.

Similarly, we cannot prevent the FPC from attaching what conditions it pleases regarding annual reports. Under Section 7(e) of the Natural Gas Act, it may attach "such reasonable terms and conditions as the public convenience and necessity may require." It is for the companies themselves to decide whether they wish to bear this additional burden. Neither provincial nor federal authorities however, are under any compunction to act if U.S. complaints of excessive costs are brought forward. We are under no statutory obligation to protect the American consumer. The Examiner implied at one point that the requirement of annual reports had been inserted to bring the light of publicity to bear on the various utilities operations and so discourage even an attempt at hanky-panky. Laudable as this reasoning may

be, he would surely have been better advised to rely on the vigilance of Canadian regulatory agencies.

If the FPC is ignorant of or confused by our regulatory techniques, better liaison between the two countries is surely called for. If it has suggestions for improvement, they should be brought forward in the same way. But it should not attempt to assert its authority over matters outside its jurisdiction, when these matters have already been examined and approved by competent Canadian agencies.

The only questions remaining concern the form which any Canadian protest should take, the level at which it should be submitted, and the advantages which we might expect to derive from making it. Since we are under no obligation to assist in carrying out the conditions imposed by the Examiner, we could very well remain quiet, on the grounds that we had not been an interested party in the proceedings and hence had received no official notification of the Examiner's recommendations. This would scarcely be a sensible proceeding. If the FPC were to approve the Examiner's decision as it stands, and subsequently run into a stone wall when it complained to us about Canadian costs, it could justifiably be annoyed. At the same time, since this is more or less a test case, it might pay us to be insulted rather than passive.

It would seem best to explain through State Department that while we recognized the FPC's right to attach whatever conditions it pleased to certificates of public convenience and necessity, nevertheless those parts of the project within Canada had been approved by Canadian agencies as being in the public interest, that they would continue to be regulated with that same goal in mind and no other, that while we had no statutory responsibility to consider the U.S. public interest it was usually close enough to our own to ensure that no undue advantage would be taken of American consumers, and that any misgivings which the FPC might have as to our regulatory efficiency or general good faith could easily be resolved through subsequent exchanges of information.

324. DEA/14405-C-8-1-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM ET-865 Ottawa, June 23, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: Your Tel 1509 Jun 14† and other messages.
Repeat T&C (Information).

CANADIAN GAS EXPORT — ALBERTA AND SOUTHERN WESTCOAST TRANSMISSION AND CANADIAN-MONTANA PROJECT

Your reports on the April 29 decision in this case of the Presiding Examiner have been carefully examined by the National Energy Board and the interested government departments. It has been agreed that it would be desirable to approach the United States authorities on this matter. In the present situation, in view of the recent Senate hearings involving members of the Federal Power Commission, any direct approach to the F.P.C. might be unwise and our suggestion would be that an aide-mémoire along the lines indicated below might be left with the State Department. The immediate purpose of the aide-mémoire would be to seek, in effect, the State Department's support for the point of view expressed by the FPC's staff counsel in commenting on the decision of the Presiding Examiner.

2. It will no doubt be clear to the United States authorities that any attempt to implement proposals of the sort recommended by the Presiding Examiner would cause serious concern to the Canadian government.

3. Suggested aide-mémoire begins: The decision issued April 29, 1960 by the Presiding Examiner in the proceeding before the Federal Power Commission relating to the Pacific Gas Transmission Company, El Paso Natural Gas Company and the Montana Power Company has been brought to the attention of the appropriate authorities of the Canadian government and has been carefully studied. The Canadian Embassy has been instructed to direct the attention of the State Department to certain matters raised by the Examiner and to suggest that these be considered in the light of current regulatory legislation in Canada and the intent and purpose of such legislation. It is the view of Canadian authorities that such consideration might allay the fears expressed by the Examiner and any fears of the Commission itself in regard to the protection of American consumers and render unnecessary controversial conditions on the import authorizations. In this connection the following comments are submitted for consideration by the United States authorities:

The Examiner is prepared to grant the applications, subject to certain conditions designed to protect the American consumer as to wellhead and field prices and certain transportation costs which are under Canadian jurisdiction and are the components determining the border price.

The views of the Examiner are summed up in the first paragraph of the decision, wherein he states: "The only important issue in the case is whether such a project, involving future costs to American consumers based on unregulated 'fair field prices' to be paid to Canadian producers, plus Canadian transmission charges not fixed for the protection of the said consumers, is consonant with the American public interest. That issue, as will be seen, is resolved in favour of authorizing the project, but reserving the possibility of future American-Canadian arrangements for consumer protection similar to that now in effect in the United States, and prescribing *interim* price publicity and accounting."

The Examiner apparently did not take into consideration the Public Utilities Act of the Province of Alberta (a copy of which was filed in the proceedings) which gives the Public Utilities Board authority to control wellhead and field prices. This is drawn to the attention of the Federal Power Commission in the exceptions filed by Pacific Gas Transmission Company. In fairness to the Examiner, it should be stated that the Public Utilities Act is an old one which has been patched up and amended over a long period of years and unless the specific sections relating to wellhead and field prices were specifically drawn to his attention, it would be an arduous task for him to study the whole act and glean the pertinent information.

At the last session of the Alberta Legislature, a new act entitled "The Gas Utilities Act" was passed and incorporates all the provisions of the Public Utilities Act relating to regulation of gas utilities (including gas pipe lines) and the regulation of wellhead and field prices. A copy of the new act has been filed with the Secretary of the Federal Power Commission by Mr. Norman Chappell.

It is noteworthy that while the Commission staff filed exception to the Examiner's decision in respect of the conditions he proposed to attach to the certificates of public convenience and necessity, no mention was made of the authority under the Public Utilities Act to control wellhead and field prices in Alberta.

The Examiner made a reference to the authority of the National Energy Board to regulate tolls, including rate of return, for the transmission of gas through the Alberta Natural Gas Company line and the similar authority of the Alberta Public Utilities Board to regulate the Alberta trunk line. He apparently was concerned that the aforesaid boards might permit too high a rate of return on the equity capital. He realized that money costs more in Canada and that the overall rate of return on the rate base would have to be higher than the average in the

United States. One of the conditions he proposes is: "With respect to Alberta Natural, Trunkline, and Westcoast, the overall rate of return disclosed by such financial statement shall be no more than that sufficient to provide, in respect of equity securities allocable to the project, a return in the range of the prevailing rate of return on equity securities now being realized by utility companies operating in Western Canada, including the return currently being realized by Trunkline and Westcoast."

It is understandable that the United States authorities want to protect the interests of the American consumer and in the case under discussion, the make-up of the border price should be available to them at all times. This information can be supplied by the importers but does not need to be spelled out in numerous conditions which at least give the impression of trying to control matters within Canadian jurisdiction. If, in the future, there should be any indication of an unwarranted increase in the border price, it could be taken up with the Canadian authorities. However, it would seem that in the interests of building up mutual confidence and goodwill in cross-border transactions, the Commission should rely on the regulatory bodies in Canada to discharge their responsibilities in a fair and efficient manner.

It will also be of interest to the United States authorities that published reports are publicly available regarding the operations of the Canadian concerns parties to gas exports to the Pacific Northwest area of the United States. These companies are required to report data, on a yearly basis, to the Dominion Bureau of Statistics on operations including basic financial information on revenues expenses and net income. These returns are being published on an individual form basis for the year 1959 and henceforth.

In general, it could be concluded that the Canadian authorities support the exceptions raised by the staff and the applicants relating to matters under Canadian jurisdiction and to the supply of information relating to the Canadian components of the projects.[130]

325. DEA/14405-C-8-1-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], July 11, 1960

CERTAIN PROJECTS FOR THE EXPORT OF NATURAL GAS FROM WESTERN CANADA

With the agreement of interested departments, including the National Energy Board, representations have been made to the State Department by our Embassy in Washington concerning the Canadian attitude towards a recent ruling laid down by a presiding examiner of the Federal Power Commission. While this was the view of a single official in the Federal Power Commission and did not reflect their final position, it was nonetheless thought desirable to bring our views to the attention of the State Department.

The ruling, with respect to projects to export natural gas by several Canadian companies (Alberta and Southern Gas Co. Ltd., Canadian Montana Pipe Line Co., and West Coast Transmission Co. Ltd.) sought, in effect, to bring the Canadian gas producers concerned under the jurisdiction of the Commission. The Aide-Mémoire brought to the attention of the United

[130] Cet aide-mémoire a été remis le 30 juin 1960.
This aide-mémoire was delivered on June 30, 1960.

States authorities the fact that Federal and Provincial statutes provided for protection of the public interest and, if necessary, regulation of prices. It was also pointed out that information on prices already publicly available, backed by the fairness and efficiency of Canadian regulatory bodies, provides the American consumer with adequate protection against unduly high prices. These views have now been brought to the attention of the F.P.C. by the State Department.

On June 20, the Premier of the Province of Alberta wrote to the Chairman of the Federal Power Commission, Mr. Jerome K. Kuykendall. In his letter, Mr. Manning stated that "the Government of Alberta could not condone indirect regulation by a United States Agency of the Alberta entities" involved in the project and lying wholly within the Province. He also stated that the presiding examiner was not fully cognizant of the Alberta statutes that provided for regulation of the natural gas industry in the Province. While the Public Utilities Commission had not made use of their regulatory powers as a matter of policy, it was pointed out that it could do so if necessary.

Our Embassy in Washington has reported that the State Department was disturbed by the Premier's letter and expressed the hope that it would not adversely effect Canadian interests. The Federal Power Commission had just undergone an extensive top-level re-organization and the State Department said that a publicised criticism of this type at this time might not be appreciated. Several other United States officials have also expressed surprise that the normal channels were bypassed for a communication of this sort. While a copy of Premier Manning's letter was made available at time of despatch to the National Energy Board, there was, of course, no consultation with Federal authorities prior to its despatch. Beyond this we are not in any position to comment on the observations of the State Department.

Oral arguments on the projects in question were scheduled to commence with the Federal Power Commission on July 6, the progress of which will be closely watched by our Energy Counsellor.

N.A. R[OBERTSON]

326. DEA/14405-C-8-1-40

Note du sous-secrétaire d'État adjoint des Affaires extérieures

Memorandum by Assistant Under-Secretary of State for External Affairs

SECRET [Ottawa], November 16, 1960

CANADIAN OIL POLICY AND THE UNITED STATES

At 3 pm. Wednesday, November 16, Mr. Heeney called on Mr. Hees, the Minister of Trade and Commerce, to discuss possible developments in Canada's oil policy affecting the United States. Mr. James Roberts, Deputy Minister of Trade and Commerce, Mr. Ian McKinnon, Chairman of the National Energy Board and Mr. A.E. Ritchie were present.

2. Mr. Heeney indicated that his main concern was to ensure appropriate consultation with the United States in order to avoid misunderstandings. He noted that, whatever value the overland exemption may have had in practice, the United States authorities undoubtedly thought that they were making a considerable concession to Canada when they granted the exemption. They realized at that time that this exemption would not be popular, domestically or with other oil suppliers such as Venezuela. He felt that experience had shown a willingness on the part of the United States to be helpful and cooperative when difficulties were made clear to them. He hoped that before final decisions are taken and certainly before they are announced, consultations will take place with the United States.

3. Mr. Hees agreed fully with Mr. Heeney that our economic and other relations with the United States are of vital importance and that we have to "get along with the Yanks." Mr. Heeney could be sure that there was no intention in Ottawa to allow difficulties to develop with the United States if they could possibly be avoided. At the same time, people in Washington would realize that any government had to keep its public reasonably well satisfied. Canadians undoubtedly expect that increasing use will be made in Canada of Canadian resources.

4. Mr. Hees mentioned that in connection with the oil problem, three possibilities were under consideration:

(i) the setting of targets for consumption and export of Canadian oil which the major oil companies would be asked to meet;

(ii) the licensing of oil imports by individual companies on the basis of the quantities of Canadian oil which those companies consume or export (this second possibility was inadvertently omitted by Mr. Hees, but was filled in later by Mr. McKinnon);

(iii) the building of the Montreal Pipe Line.

5. Mr. Hees emphasized that the first course was regarded as preferable. If that did not work out, the other courses might have to be resorted to.

6. Concerning the time-table, Mr. Hees thought initially that a fairly definite statement (presumably including an indication of the targets set for disposal of Canadian oil) would have to be made before the "Borden deadline," i.e. December 31, 1960. Later in the conversation he felt that perhaps the detailed statement could be deferred until there was an opportunity for some discussion with the new US Administration. He assured Mr. Heeney that in any event he would do his best to hold off any substantial statement until such consultations could take place. On the assumption that Parliament might resume around January 25, after the Christmas recess, the policy statement might be made about February 1.

7. There was some discussion about the desirability of consulting in the meantime with officials in the Eisenhower Administration. It seemed to be generally agreed that Mr. Chappell and Mr. McKinnon should keep in touch with US officials during this period. It was noted, however, that any explanations or consultations aimed at affecting the attitude of the Administration (or securing any commitments) for the future could best take place with members of the new Administration.

8. Mr. Heeney referred to the fact that it would probably be desirable to have a meeting of the US-Canada Ministerial Committee on trade and economic affairs fairly soon after the Kennedy Administration takes over. Even though the oil announcement might have to be made prior to that meeting, there undoubtedly would be some discussion of oil, and of other aspects of Canada's economic policies, at that Ministerial meeting.

9. During the conversation, Mr. Hees indicated that after proposals have been worked up in detail (and presumably discussed with the companies), they will be considered in Cabinet prior to the proposed consultations with the United States and before any public announcement.

10. Following the conversation with Mr. Hees, Mr. McKinnon gave Mr. Heeney and Mr. Ritchie an indication of the kinds of targets contemplated. The figures seem to indicate that total disappearances of Canadian oil (including condensates and related types) might be expected to average around 655,000 barrels per day during 1961, with an average of about 670,000 during the last quarter of that year. On this basis it appeared that exports would have to increase by some 30-50,000 barrels per day. The figures seem to envisage a continuation of this rate of increase through the succeeding two years or so.

11. Mr. McKinnon was not certain whether any targets would be expressed as firm figures or would be stated as percentages of consumption. According to some of the companies, the latter

approach would be better since it would provide a little more flexibility, would allow for the possibility of economic recession and would not impair the bargaining positions of the major companies in their dealings with the US oil administration or with companies in the United States.

12. Regarding the licensing possibilities, Mr. McKinnon thought that this might be applied on the basis of a requirement that the Canadian content of each company's operations had to be a certain minimum percentage, say 60 percent.

13. Mr. McKinnon also mentioned that in connection with one or another of the alternative possibilities referred to by Mr. Hees, it might be proposed that a system for "registering" importers should be introduced in order to improve the government's statistical records of the activities of individual companies.

14. Mr. McKinnon emphasized that the discussions in the National Energy Board and with the companies were still incomplete and that the indications which he had given to Mr. Heeney and Mr. Ritchie were preliminary and tentative.

A.E. R[ITCHIE]

SECTION D

BALANCE DES PAIEMENTS
BALANCE OF PAYMENTS

327. DEA/11049-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], December 6, 1960

NEW UNITED STATES MEASURES TO CORRECT BALANCE OF PAYMENTS

You will recall that a couple of weeks ago the President announced a series of measures would be taken in an effort to improve the United States balance of payments position.[131] One of these was a decision to generally restrict procurement under the ICA aid programme to United States sources of supply. This morning a further announcement was made by the State Department to the effect that procurement under the ICA would be precluded in a group of 19 countries, including Canada, which "are highly industrialized countries with strong currencies, some of which have rising gold reserves."[132]

Our Ambassador in Washington and his staff have on numerous occasions in recent weeks discussed the new United States measures with the State Department and have drawn their attention to the problems which we ourselves are experiencing in respect to our balance of payments, particularly in the deficit on current account. We were, in fact, told by an official in the State Department that they endeavoured to secure an exemption for Canada from the ICA ruling. It is still possible, in fact, that there may be some administrative leeway that would be

[131] Voir/See "President Outlines Steps to Improve U.S. Balance-of-Payments Position," *Department of State Bulletin*, Vol. XLIII, No. 1119 (December 5, 1960), pp. 860-63.

[132] Voir/See "Secretary Herter Instructs ICA on Procurement Policy," *Department of State Bulletin*, Vol. XLIII, No. 1122 (December 26, 1960), pp. 972-73..

helpful to Canada. Since our own aid programme is almost exclusively tied to Canadian sources of supply, it may be difficult for us to press the United States too hard on this point, but this is conceivably one of several matters that could be usefully discussed at an early meeting of the Joint United States-Canada Cabinet Committee on Trade and Economic Affairs.

If a question should be asked in the House, you might wish to reply along the following lines:

The Government has been following the United States measures to protect their balance of payments very closely. The measure announced this morning to implement the President's earlier decision relates only to off-shore purchases made by the International Co-operation Administration in the State Department. While Canada was listed amongst those countries which may not be eligible as a source of supply, the announcement also provided for certain exceptions. Our Ambassador in Washington and his Embassy staff have on several occasions drawn to the attention of the United States authorities, including Mr. Herter, the Secretary of State, the distinction between the Canadian balance of payments position and that of other countries, and we have indicated that we would expect the United States Administration to take this [distinction] into account in the administration of their new regulations related to the President's directive. The measures announced this morning relate only to purchases by the ICA and do not extend to the field of defence procurement.[133]

N.A. R[OBERTSON]

328. DEA/11049-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM ET-1691 Ottawa, December 9, 1960

CONFIDENTIAL. OPIMMEDIATE.

PRESIDENT'S DIRECTIVE OF NOVEMBER 17 AND ACTION TAKEN TO IMPLEMENT IT

You have already brought to the attention of the US authorities our concern about the implications for Canadian exports of the presidential directive of November 17, and they will have noted the statement of the SSEA in the House of Commons on December 7. We have considered the desirability of submitting a formal note to the US government setting out our concern and asking for an early meeting, in Ottawa, of the Joint Ministerial Committee. It has now been decided that a formal note might not be the best step at this time. There are in any case other reasons for seeking an early meeting of the committee and this will be taken up with Mr. Dillon in Paris. However you should reiterate to the US authorities, at an early opportunity, our concern about the following points.

2. The withdrawal of purchases from Canada (in the order of 15 to 20 million dollars) which could be involved would have serious effects on particular sectors of the Canadian economy and on Canada's difficult trade position at the present time. In discussing the matter of ICA

[133] Notes marginales :/Marginal notes:
This answer was discussed with Mr. Heeney & approved by him. Statement given verbatim by SSEA in House 7/12 [Ross Campbell]

purchases you should of course bear in mind the fact that our own aid expenditures are largely tied to purchases in Canada.

3. Canada's heavy current account deficit with the US is persisting and there is serious concern here as to whether this can continue on the present scale without creating grave difficulties. You should therefore record our expectation that the various policies announced would not be implemented in such a way as to worsen this situation. Regarding the inclusion of Canada in the list of countries where commodity procurement with ICA funds is to be brought to an end, you might refer to the SSEA's statement mentioned above.

4. You have already estimated the directive's probable effect on ICA purchases in Canada; in addition the Department of Defence Directive on non-appropriated funds will result in military and embassy commissary purchases being wiped out. We are receiving strong representations from the Canadian Distillers Association regarding resultant loss of over five million dollars in sales. You might indicate that if such purchases with both appropriated funds and non-appropriated funds are to cease the exemptions under tariff item 708 for US military establishments, post exchanges, commissaries and service clubs would be grounds for considerable resentment on the part of Canadian industry. At the same time, however, we must bear in mind the possibility that US Department of Defence may decide not to repatriate US dependents from Canada.

329. DEA/11049-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 3101 Washington, December 14, 1960

CONFIDENTIAL. OPIMMEDIATE, PRIORITY.

Reference: Your Tel ET-1691 Dec. 9.

Repeat NATO Paris (Priority) (Information).

Repeat GATT, Tariff Del, Brussels, Bonn (Priority) from Ottawa, T&C Ottawa (Roberts), Finance Ottawa, Bank of Canada Ottawa, Agriculture Ottawa, External Aid Office Ottawa (OpImmediate) from Ottawa.

USA BALANCE OF PAYMENTS

Since our previous discussions with the Secretary of State and other USA officials on this issue had been informal, we arranged a meeting yesterday with Adair (Acting Assistant Secretary Economic Affairs, State Department), to present once more and in its various aspects the Canadian case pursuant to your instructions. Burgess, Defence Liaison, Canadian Desk, and Goldstein, Assistant Chief, International Financial Division, State Department, were also present.

2. We reviewed the special features of Canada's balance of payments situation and also referred to the common objectives in economic and trade matters pursued by both countries in relation to other areas. Against this background we expressed Canadian concern lest corrective measures taken by USA with respect to its balance of payments problems might have an adverse effect on Canada's dollar earnings and on Canadian-USA trade and economic relations. We indicated Canadian expectation that Canada's special position would be taken into account by USA authorities in administration of the proposed measures.

3. Adair assured us that USA authorities were aware of the special Canadian position and that we could assume that this was being kept in mind in the preparation of USA measures. We then reviewed the following matters where problems could arise (a) military dependents in Canada (b) ICA procurement (c) military procurement for USA forces and under military aid programmes (d) sales to PX. In addition, we referred to defence production sharing and to agricultural surplus disposals. In connection with ICA procurement, we mentioned the element of indirect procurement in USA under Canadian foreign aid and we also raised your point regarding tariff item 708 in relation to PX sales.

4. While Adair had no repeat no definitive comments on the foregoing he confirmed our understanding regarding probable Canadian exemption on the military side (dependents and defence purchasing) which we had previously reported. He assured us that our official representations on all of these matters would be referred to the various agencies concerned with the formulation of USA measures.

330. DEA/11049-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL Ottawa, December 23, 1960

EFFECT ON CANADA OF RECENT UNITED STATES DIRECTIVES REGARDING BALANCE OF PAYMENTS

You will recall that in the House on December 21 there was some discussion of this matter, and you asked that supplementary information should be provided to you. I am now attaching a copy of a telegram from Washington which reviews quite thoroughly the effects of the recent presidential directives for Canada. As you will see, this telegram confirms the statements made by Mr. Fleming that no changes are contemplated in defence purchases from Canada and that the existing arrangements on production sharing will continue in effect.

N.A. R[OBERTSON]

[PIÈCE JOINTE/ENCLOSURE]

L'ambassadeur aux États-Unis au secrétaire d'État aux Affaires extérieures

Ambassador in United States to Secretary of State for External Affairs

TELEGRAM Washington, December 20, 1960

CONFIDENTIAL

Repeat CCOS Ottawa, DM/DND Ottawa, DDP Ottawa, T&C Ottawa, Finance Ottawa, Bank of Canada Ottawa, EAO Ottawa from Ottawa, EAO Ottawa from Ottawa, Tariff Del (Priority) (Information)

PRESIDENTIAL DIRECTIVES REGARDING BALANCE OF PAYMENTS.

We have been sending you advance information regarding the intentions of the Administration on the application of the President's directives of November 17 to Canada and,

as they were promulgated, the various memorandums implementing the directives. This message is intended to summarize information available to date concerning the application of the directives to Canada.

International Cooperation Administration

2. As indicated in our telegram 3015 December 6,† ICA was instructed "to effect an orderly cessation of commodity procurement financed with ICA programme funds" in nineteen countries including Canada. Specific provision was made for "exceptions:"

(1) with the specific approval of the Director of ICA where, in his judgment, the cessation of such procurement would impair the fulfillment of essential mutual security program objectives, or

(2) at the direction of the Coordinator of the Mutual Security Program.

3. We shall be pursuing this matter in due course to seek to obtain favourable treatment for Canada in the practical administration of this directive.

Reduction of Military Dependents in Foreign Countries

4. As reported in our telegram 3132 December 16† the directive regarding reduction of dependents in foreign countries specifically excluded Canada from its application.

Military Supplies and Services to be Procured and Used Outside USA

5. As reported in our telegram 3153 December 19† a directive on this subject to Department of Defense agencies dated December 16 provides that of about $125 million worth of purchases now planned to be made outside and for use outside USA, its possessions and Puerto Rico during 1961, a minimum amount of $65 million "is indicated for return to the USA."

6. The memorandum specifically excludes "expenditures from the military assistance appropriation, purchase of Canadian … supplies and services, or … purchases of petroleum, which are the subject of separate memorandum."

7. In the case of petroleum the "separate memorandum" referred to a memorandum to be promulgated. We have since reported (our telegram 3159 December 20)† that this memorandum basically provides that there will be no repeat no immediate change in defence establishment policies and procedures with respect to the procurement of petroleum and other fuel supplies, pending studies to ascertain if any "realistic contribution" can be made in this field to the objectives of the President's directive.

8. On the basis of an accompanying press release and such information as we have come by informally it would appear that there is no repeat no intention to issue a further memorandum relating to purchases of Canadian supplies and services and that existing memoranda on production sharing are to govern.

9. Similarly, as far as we can ascertain no repeat no further memorandum on the military assistance appropriation is under consideration. On October 3 Secretary Gates had issued a directive as reported in our letter 1525 October 11, 1960,† stating, "it is the policy of the Department of Defense to favour USA foreign policy and military assistance program objectives." Certain exceptions were specified:

(1) Procurement not repeat not requiring the transfer abroad of USA dollars.

(2) Procurement in support of the weapons production program, the mutual weapons development program, and other approved cost-sharing programs, when MAP/OSP is a part of the cost-sharing arrangement and to the extent that MAP/OSP is required to obtain financial participation by the participating countries which cannot repeat not be obtained by USA contributions in kind.

(3) Procurement required by overriding political considerations as approved by the Department of State.

(4) Exceptions to the general policy as approved by the Director of Military Assistance (OASD/ISA).

10. At the Westpoint meeting of the Senior Committee on Production Sharing at the end of October, USA representatives, as reported in the draft minutes of the meeting,† made the following comments on this directive:

"The military assistance program directive does not repeat not directly affect Canada since Canada is not repeat not a direct beneficiary of this program. This program is financed by separate congressional appropriations. Under this program in the past, the policy has been to purchase from overseas sources when not repeat not more expensive than purchasing in USA. The new policy really states a change in emphasis providing that, henceforth, purchases will be made in USA if not repeat not more costly than purchasing off-shore. Other criteria have been added to assist in determining whether a requirement will be fulfilled by a USA purchasing office rather than a foreign purchasing office.

Canada is interested in how this directive could affect possible Canadian subcontractors for this program. Where previously Canada may have looked to European contractors for subcontracts, hereafter Canada will look to USA as the subcontract source for requirements placed with USA manufacturers. Since many of USA domestic procurements are synopsized and given wide publicity, it is entirely possible that this change in emphasis may enhance Canadian opportunities."

11. With respect to possible future Canadian business regarding MDAP expenditures abroad (e.g. Belgian consortium) this will, as in the past, have to be pursued separately.

Non-Appropriated Funds – Post Exchanges

12. In our letter 1747 December 2† we forwarded a Department of Defense memorandum concerning non-appropriated fund activities whereby purchase of foreign goods was prohibited effective December 1, 1960, subject to specified interim procurement arrangements. Provision was made for exceptions where actions required by the memorandum conflict with existing country to country agreements. According to information from DOD, there is to be a further directive regarding non-appropriated funds. We have also heard that Canada may be exempted and propose to follow this up.

13. I believe a review of these various categories makes it clear that the USA authorities have made a concerted effort to take Canada's special position into account in implementing the presidential directives. With respect to dependents and to production-sharing, Canada has now been specifically exempted. With respect to ICA and PX procurement the situation is not repeat not yet fully clear but there appear to be reasonable chances of favourable consideration.

[A.D.P.] HEENEY

SECTION E
MAGAZINES

331. J.G.D./VI/252.1

Le ministre des Finances
au premier ministre

Minister of Finance
to Prime Minister

PERSONAL AND CONFIDENTIAL Ottawa, March 15, 1960

My dear Prime Minister:

I acknowledge receipt of your memorandum of the 14th instant† together with a copy of the letter dated March 9th which you have received from Mr. Hugh MacLennan concerning the plight of Canadian magazines.

Our colleagues, Mr. Nowlan and Mr. William Hamilton, and I have been engaged in a study of this problem and have been in close contact with representatives of the Periodical Press Association of Canada in regard to it. There is no doubt that the position of the industry has been becoming more precarious. The difficulty has been to find an acceptable means of strengthening it through governmental action.

Since receiving your memorandum, I have today received an important letter from Mr. C.J. Laurin, Chairman of the Legislative Committee of the Periodical Press Association, bearing yesterday's date. I enclose a copy herewith together with a copy of the draft statements which accompanied his letter.

Our colleagues and I hope to be in a position shortly to submit certain proposals to Cabinet in this regard.

Yours sincerely,
DONALD M. FLEMING

[PIÈCE JOINTE/ENCLOSURE]

Le Président, Comité législatif,
Periodical Press Association
au ministre des Finances

Chairman, Legislative Committee,
Periodical Press Association,
to Minister of Finance

CONFIDENTIAL Toronto, March 14, 1960

Dear Mr. Fleming:

You asked me to review with my colleagues the courses of action raised during our discussion on the 9th. This has now been done and I have a definite, unanimous, opinion from the presidents of Periodical Press Association and each of its constituents. These are the Magazine Publishers Association, the Business Newspaper Association, and the Agricultural Press Association. Our thinking follows these lines.

Whether the matter is referred to the Tariff Board or to a Royal Commission, a strong declaration of government feeling is essential. The need to prevent any further foreign encroachment into Canadian publishing is immediate. Such a declaration would almost certainly defer any further moves which may now be planned by foreign publishers.

We have carefully considered the implications of reference to a Royal Commission as against the Tariff Board, and are in favour of the Royal Commission because

(a) Repeated representations by Periodical Press Association to government over almost 50 years have failed to result in any wholly satisfactory or lasting solution. It is hoped that a Royal Commission having heard all sides of the question, would develop the best solution practical in the national interest and that this solution might settle the matter for years to come. Canadian magazines have been in a precarious and deteriorating position for years. It is essential not only that a solution be found to their problems, but that this solution also afford lasting protection to the business and farm periodicals so that the magazine experience is not repeated in these fields — a very real probability under today's conditions.

(b) No matter how broad the terms of reference given the Tariff Board under Order in Council, it is felt that such a Board must be oriented to dealing with "goods and things." The implications of our problem go much deeper than this, and must be related to the broader aspect of Canadian ideology, Canadian business and industry, Canadian thought and opinion, and Canadian culture. This is a matter of great significance to Canada.

(c) No matter how strong the recommendations of Tariff Board might be, from a practical point of view and because of firmly stated government policies in relation to interference with the reading preferences of the Canadian public, and interference with the freedom of the press, we feel that government legislation would probably be confined to the implementation of our recommendations in regard to the extension of Tariff item 178. As pointed out in our discussions this only covers a part of the matter. It leaves those publications printed in Canada, but importing editorial content free, still to be dealt with. The only solution we have been able to find for this lies within the Post Office — a department outside the terms of reference of the Tariff Board and not subject to a public enquiry of this nature.

However, a Royal Commission could investigate and report upon this aspect of the matter as well as the suggested tariff action.

(d) Finally, if the government declaration of thinking is strong, we are willing to risk the possible additional delay which might result from the appointment of a Royal Commission.

In conjunction with our last statement above, we believe that it would be very much in the national interest to have a Royal Commission study the *whole* problem of foreign encroachment on Canadian media of communications, i.e. those media which disseminate information and education from the Canadian viewpoint. We feel that from the government point of view, such a course of action would evoke a very warm response from many thinking Canadians who are alarmed at current trends. It could result in vitally important steps to preserve and strengthen the Canadian identity over the years to come.

The appointment of a Royal Commission under such broad terms of reference might incur a delay even greater than if its instruction related only to the periodicals of Canada. However, in the national interest, Periodical Press Association is prepared to accept that delay provided that the government declaration of its thinking in regard to communications media is stated clearly and strongly.

If you and your colleagues, after considering these points, still feel that a Tariff Board hearing on the Periodical Press Association problem is a better approach, Periodical Press Association would of course give your decision its full support. We would in that case, however, like a further brief discussion with you on the subject before you lay the proposal before Cabinet.

You asked me, if our thinking should be in favour of asking for a Royal Commission, to draft in rough terms suggested instructions to such a Royal Commission. This has been done for both the Periodical Press, and the broader terms of reference, and is attached.†

We have also taken the liberty of drafting a rough approach to the government announcement which might be used for reference to the Tariff Board. This is also attached.†

To sum up, Mr. Fleming, there appear to be three courses of action open at the moment.

(a) Immediate implementation of the tariff and postal suggestions we put in your hands. Government feels that public discussion on this question would be desirable before such abrupt implementation, and is apparently not prepared to take this immediate action. This being the case, two courses of action, designed to bring this matter to the attention of all groups concerned, and to give them the opportunity to comment on it, remain. These are

(b) Reference of the Periodical Press Association representations to Tariff Board, and Post Office, and

(c) Reference of the problem to a Royal Commission.

Of (b) and (c) above, we prefer (c) for the reasons stated and make the suggestion that it might be extended to all communications media. We are, however, willing to support a reference to Tariff Board if in your thinking this is the wiser course of action.

Sincerely,

C.J. LAURIN

P.S. I am enclosing two extra copies of this letter and attachments in case you wish to pass them to Messrs. Nowlan and Hamilton for their consideration.

C.J. L[AURIN]

332. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], February 12, 1960

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General and Acting Secretary of State (Mr. Balcer).
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin), (Dr. Hodgson).

. . .

CANADIAN PERIODICAL PRESS

13. *The Minister of Finance* said that the Canadian periodical press was in a serious financial position because of growing competition from foreign periodicals in various forms. In May 1959 he had made proposals to the Cabinet designed to provide a small measure of assistance, but these proposals had not been approved.

The Periodical Press Association had made further representations to the Minister of National Revenue, the Postmaster General and himself, claiming that the economic basis of publishing Canadian magazines had been undermined. Great difficulty had been encountered, however, in devising remedies that were both effective and acceptable. Recently the Association had advanced suggestions which appeared to warrant serious consideration, relating to the provisions of the Customs Tariff and of the Postal Act. Because of the complicated and controversial history surrounding this whole subject, the Minister believed that any new action by the government should be preceded by a public discussion in which all interested parties had an opportunity to make their views known.

Generally, the trade papers were in a satisfactory condition, but most Canadian magazines for the general public were in serious financial difficulty. Several had already been discontinued. Only the MacLean-Hunter publications were operating at a profit, but it would obviously not be in the public interest if the indigenous periodical press should shrink to a single surviving company.

In the Minister's Budget Speech of June 1958, he had stated that any support to the industry would have to be given in a manner that infringed neither the freedom of the press nor the reading preferences of the public. He did not recommend either a direct subsidy for Canadian periodicals nor a customs duty on foreign magazines entering Canada. A customs duty would have no effect on foreign magazines which published Canadian editions. Magazines in the U.S. had begun to produce by "split runs," in which the printer could readily substitute the names of the advertisers to suit the country destined to receive the magazines. By this method the advantages of mass printing could be applied even to the advertising content of Canadian editions of these periodicals.

The Ministers had considered the desirability of requesting the Tariff Board to investigate and report upon a possible tariff on the advertising content of foreign publications. This however would tend to focus public attention on the tariff aspects of the problem and to suggest that solutions were being sought in terms of additional protection to a business enterprise, whereas in fact the real problem was primarily social and cultural. The suggested tariff on advertising content would be misinterpreted as a step similar to the tax on editorial matter in Canada editions of foreign publications, which had been introduced by the former government in 1956[134] and abolished by the present government in 1958. Furthermore, the Tariff Board could not deal with the question of postal rates nor with the problem of foreign publications which were published in Canada and which imported much of their editorial content.

The Periodical Press Association had accordingly recommended the appointment of a Royal Commission. This would probably involve a greater delay than reference of the problem to a body already in existence, but the Association was prepared to accept this additional delay. The terms of reference of a Royal Commission could make quite clear the fact that the

[134] Voir volume 23, les documents 157 à 172./See Volume 23, documents 157-172.

problem was being considered in relation to its widespread social and cultural implications for our national life.

The three Ministers therefore recommended that a Royal Commission be established to consider the plight of the Canadian periodicals press and to make recommendations on steps that might be taken to provide the basis for a healthy periodical press in Canada. If this proposal was accepted, an announcement might be made in the House of Commons by the Prime Minister.

An explanatory memorandum had been circulated, (Joint memorandum, Ministers of Finance and National Revenue and the Postmaster General, March 21, Cab. Doc. 85-60).†

14. *During the discussion* the following points were raised:

(a) Some said that it had been a mistake to abolish the tax imposed in 1956 on the editorial content of Canadian editions of foreign magazines.

(b) Others said that, at a time when the government was spending millions of dollars each year for a radio and television network, it seemed anomalous that the traditional communication media should be allowed to remain in jeopardy.

(c) One of the disadvantages suffered by Canadian magazines was their inability to offer salaries comparable to those available to authors in the U.S.

(d) The principal value claimed for a Royal Commission on this subject would be its role in preparing the public mind and therefore reducing criticism later when remedies were proposed. The Periodicals Press Association had abstained from any campaign to draw attention to the predicament of its members, and the public were generally unaware that a problem existed. If a Royal Commission were appointed, the Association could be relied upon to explain its problem to the public.

(e) On the other hand a number of Royal Commissions had already been established on various subjects, and criticism could be expected if this technique was used too often.

(f) Some said that, if a Royal Commission were created, its terms of reference should not prevent it from proposing remedies that might interfere with the reading preferences of the public, because such a restriction might preclude finding a solution to the problem.

(g) Others said that the problem of the periodical press was merely one of the many aspects of U.S. cultural and general domination of the Canadian scene. A Royal Commission confined to this single aspect would be criticized as too narrow in scope. This difficulty would be avoided if the immediate problem was handled through the Tariff Board. Others said that the members of the Tariff Board did not all have the broad background required to equip them for such a study, and that in any event the Board's powers would restrict its work to only a part of the immediate problem.

(h) One possible technique would be to appoint an advisory committee.

(i) Names of persons who might undertake such an enquiry would be considered at another meeting of the Cabinet. Vincent Massey was mentioned as one possible chairman.

(j) If a Royal Commission presented recommendations that were unrealistic or in conflict with the government's general views, the government might be seriously and unnecessarily embarrassed. If possible, therefore, the subject should be discussed with any suggested appointee before any definite decisions were made on the appointment.

15. *The Cabinet* noted the recommendations of the Ministers of Finance and National Revenue and the Postmaster General on the establishment of a Royal Commission on the Canadian Periodical Press and agreed to discuss the subject at another meeting of the Cabinet.

. . .

333. J.G.D./VI/252.1

Le ministre des Postes
au premier ministre

Postmaster General
to Prime Minister

PERSONAL AND CONFIDENTIAL Ottawa, June 15, 1960

Dear Mr. Prime Minister:

I thought you would be interested in the attached copy of a letter from the two senior people of *Time Magazine* in Canada. We seem to have stirred them up a bit!

A number of other letters drifted in approving the remarks — even one from Dr. Mutchmor, whose interests seem increasingly widespread.

Yours sincerely,

WILLIAM HAMILTON

[PIÈCE JOINTE/ENCLOSURE]

Bureau du directeur général du Time Magazine
au ministre des Postes

Office of the Managing Director of Time Magazine
to Postmaster General

Toronto, June 9, 1960

Dear Bill [Hamilton]:

Maybe it's confusing to have a letter with two signatures, but this puts down some thoughts we both agreed on in talking about your Monday speech in New York after we'd gotten the text.

Both of us feel we know you well enough to send you our views in this way and at the same time say we hope for a chance to chat with you about them at some point not too far off.

We really think you're wrong on your main premise — that the advertising dollars paid to American-owned magazines in Canada would go into Canadian publications if the U.S. books weren't available.

It's just not that simple, Bill. Business isn't that easy to get. The advertiser puts his money where he thinks the audience is right. He buys a magazine that delivers the audience. If there isn't such a book, he spends his money some other way.

Putting *TIME* out of business, for instance, would not guarantee a single extra agate line for *Maclean's* or any other magazine. Nobody will make that decision but the individual advertiser trying to sell goods.

Actually, we think that if you will check media people you will discover that *TIME* has opened up the magazine field in Canada to advertisers who were not interested in it at all before *TIME* existed. At the very least, we think you'll see that *TIME* has created big new dimensions for the magazine industry in its 17 years in Canada.

On another point, split-run advertising for Canada in the mass U.S. magazines has not developed at the rate some publishers here predicted. We've watched it closely, and the volume is really trivial. Much of that little has been liquor advertising, an end-run around the no-bottle rule in Quebec and the no-brand rule in Ontario. Now this is changing. Ontario will

open up brand advertising, and threatens reprisals against the manufacturers who try to evade the new limits. It seems likely that liquor ads will begin to disappear from the split-runs.

One last point, a tender one for us! If you had *TIME* in mind when you spoke of a "pittance" of special Canadian material, the word is inappropriate. Our regular four pages of Canadian news each week are extra for Canadians beyond *TIME*'s fundamental world report. They take a surprising amount of work. Actually the price tag — for editorial and production costs — is $310,000 a year. We know, though, that they mean a lot in solid information to our readers here.

Can we come to see you?

Sincerely,

BRADLEY B. GUNDY
Advertising Manager

LAWRENCE E. LAYBOURNE
Managing Director

334. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], September 16, 1960

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Transport (Mr. Hees), (for morning meeting only)
The Solicitor General and Acting Secretary of State (Mr. Balcer).
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith), (for morning meeting only)
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley).
The Assistant Secretaries to the Cabinet (Mr. Martin), (Dr. Hodgson).

. . .

ROYAL COMMISSION ON THE PERIODICAL PRESS
(Previous reference September 15)

4. *The Prime Minister* read a revised draft of Terms of Reference for a proposed Royal Commission on the Canadian Periodical Press.

5. *During the discussion* some said that Canadian magazines should expect to face competition, and could object only to inequitable competition.

6. *The Cabinet* agreed that the Terms of Reference of the Royal Commission on the Canadian Periodical Press should be as follows:

"(a) to inquire into and report upon the recent and present position of and prospects for Canadian magazines and other periodicals with special but not exclusive consideration being given to problems arising from competition with similar publications which are largely or entirely edited outside of Canada or are largely or entirely foreign in content; and,

(b) to make recommendations to the Government as to possible measures which, while consistent with the maintenance of the freedom of the press, would contribute to the further development of a Canadian identity through a genuinely Canadian periodical press."

(An order in council was passed accordingly; P.C. 1960-1270, Sept. 16).[135]

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6e PARTIE/PART 6

DÉTOURNEMENT DE CHICAGO
CHICAGO DIVERSION

335. DEA/1760-B-40

Projet de note du procès verbal d'une réunion

Draft Memorandum of Minutes of Meeting

OFFICIAL USE ONLY [Ottawa], January 18, 1960

CHICAGO DIVERSION LEGISLATION

Participants:

For Canada

Hon. Howard Green - Secretary of State for External Affairs
Mr. Marcel Cadieux – Legal Adviser, Department of External Affairs
Mr. Harrison Cleveland – Chief, American Division, Department of External Affairs
Mr. D.W. Munro – Chief, United States Section, American Division, Department of External Affairs
Mr. Thomas Patterson – Department of Northern Affairs and Natural Resources
Mr. Courtney Kingstone – Legal Division, Department of External Affairs
Mr. Arthur Broadbridge – First Secretary, Canadian Embassy, Washington.

For the United States

Hon. Richard B. Wigglesworth – Ambassador to Canada
Mr. Woodbury Willoughby – Director, BNA
Col. Loren Olmstead – Office of the Chief of Army Engineers
Mr. Rufus Z. Smith – Counselor for Political Affairs, Embassy Ottawa
Mr. John L. Truscott – L/EUR

After a statement of welcome by Mr. Green, the Ambassador outlined the background of and reasons for this consultation. He referred to the Canadian Government's note of April 9, 1959,[136] which expressed the view that various treaties and arrangements relating to the Great Lakes and the St. Lawrence Seaway would be broken if unilateral action were taken to divert additional water at Chicago. He also referred to the United States Government's reply of June 12, 1959,[137] which reserved its position with respect to the Canadian legal contentions and proposed that consultations be held on this matter. This proposal was accepted by Canada.

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[135] Grattan O'Leary a été nommé à la présidence de la commission le 18 septembre.
Grattan O'Leary was appointed to head the commission on September 18.

[136] Voir/See Volume 26, document 283.

[137] Voir/See Volume 26, document 288.

The Ambassador then set forth another reason for the consultation, namely, the referral by the United States Senate of the diversion bill, H.R. 1, to its Foreign Relations Committee which will be making its first examination of such a bill early in the current session of the Congress. He referred to Senator Fulbright's promise to the Senate to request the Department of State to consult with representatives of Canada in order "to ascertain whether some reasonable procedure might be developed whereby Canadian assent could be obtained to the diversion of a reasonable amount of water from Lake Michigan for uses in the United States." The Ambassador stressed that United States representatives were attending this meeting in a spirit of inquiry in order to determine the following:

(1) whether H.R. 1 could not be amended in some way to make it acceptable to Canada;

(2) whether a compensating diversion into the Great Lakes Basin from some source in Canada is not physically possible and economically feasible;

(3) Canadian estimates of the damage, if any, which would be incurred by reason of the diversion contemplated by H.R. 1. (In this connection, the Ambassador noted that U.S. studies indicated the maximum reduction in water levels would be 4/16" for Lakes Michigan and Huron and 3/16" for Lakes Erie and Ontario and that the maximum power reduction upstream of Beauharnois would be only a small fraction of 1% of the total power generated by the plants in question); and

(4) Canadian views on the desirability of a study of the diversion in question by the International Joint Commission or by a specially created international body. The Ambassador also stated that the Department, in presenting its comments on the legal arguments made by Canada in the April 9 note, would not be contending that the United States is justified in proceeding unilaterally with the proposed diversion over Canadian objections.

Mr. Willoughby then took up the specific matters which had been outlined by the Ambassador. He first presented the United States views on the allegations made by Canada in the April 9 note that certain enumerated agreements and understandings relating to the Great Lakes and the St. Lawrence Seaway would be violated by a unilateral increased diversion at Chicago. Certain of those agreements relate to the opening of the St. Lawrence and the Great Lakes to navigation by deep draft ocean vessels by construction of the Seaway and improvement of the connecting channels. Other arrangements referred to in the Canadian note concern the joint development of power in the Niagara and St. Lawrence Rivers. With respect to the former, Mr. Willoughby stated the United States view that while we agree that the Seaway and connecting channel agreements are based on the understanding that there will be no unilateral action destructive thereof, it is a question of fact whether the one year increased diversion of 1000 cfs authorized by H.R. 1 would cause material injury to navigation in the Great Lakes, the connecting channels, and the Seaway. He set forth the belief of the proponents of the proposed legislation, based on estimates by the United States Army Engineers of a maximum lowering of lake levels of 3/16 to 1/4 inches, that H.R. 1 would not cause such injury to navigation. He also indicated that if the Canadian Government had any information to present in support of the opposite conclusion, the United States would, of course, be willing to examine it.

With respect to injury to hydro-electric power interests, Mr. Willoughby stated that although, in our opinion, the Niagara Treaty of 1950 and the International Joint Commission Orders of 1952 and 1956 do not prohibit the diversion contemplated by H.R. 1, the United States shares the Canadian concern regarding any substantial power losses which might result from such diversion.

Mr. Willoughby then reiterated that the foregoing observations were made on the assumption that the Canadian note was directed solely to the pending diversion legislation. He said that if that assumption was not entirely correct and the note also referred to a further or

permanent diversion following completion of the study contemplated by H.R. 1, the United States was in accord with the Canadian view that such further diversion, if it caused material injury to navigation, would be inconsistent with the joint arrangements relating to construction of the Seaway and improvement of the connecting channels. He pointed out that, in addition, such further or permanent diversion would aggravate the problem of injury to power interests in the Niagara and St. Lawrence Rivers.

Mr. Willoughby next asked whether there were any ways in which H.R. 1 could be altered to make it acceptable to Canada. He stated that a provision for compensating injured interests had been proposed by certain Congressmen in the course of debates on H.R. 1, and that the United States would be interested in receiving Canadian views on the acceptability of such a provision. Mr. Green suggested that the Canadian response to the questions raised by the United States be deferred until the completion of Mr. Willoughby's presentation.

Mr. Willoughby went on to inquire about the technical possibility and economic feasibility of a further diversion by Canada into the Great Lakes from the Albany River Basin or some other source to offset any increased diversion from Lake Michigan at Chicago. He then mentioned the proposals which have been made in Congress that the international aspects of the diversion legislation be referred either to the International Joint Commission or to a specially appointed International Great Lakes Commission for study.

Mr. Green then presented the views of the Canadian Government on any increased diversion from the Great Lakes Basin unilaterally by the United States. He stressed the great significance to Canada of the St. Lawrence Seaway and related developments and pointed out that 2/3 of Canada's population and a large percentage of its productive capacity are located in the Great Lakes area. Canada views with the utmost concern, he stated, any action by the United States which would tend to interfere with the fullest development and maximum use of the Seaway. Mr. Green then presented the following points:

(1) The lowering effect on water levels of a removal of water from the Great Lakes is of particular importance to navigation and riparian use. The adverse effects on these uses can be most readily observed in the lakes, rivers, connecting channels and harbours. Most of the connecting channels are artificial and have been controlled to a minimum acceptable depth for navigation on the assumption that there would be no decrease in the natural supplies of water. The governing depth of many harbours in Canada is less than the governing depth of the Seaway, and, therefore, every fraction of an inch change in the water levels requires light loading of vessels precisely to that extent. In view of the construction of vessels for purposes of buoyancy, each inch less of draft may represent as much as 100 tons loss of cargo carrying capacity.

(2) Another effect of removal of water is to decrease the volume available for development of hydro-electric power, thus causing losses to Canadian plants at Niagara, Barnhart (in the International Rapids Section of the St. Lawrence), Beauharnois and Lachine. The United States and Canada have agreed that the regulation of flows in the International Rapids Section should be based upon a continuing withdrawal of 3100 cfs from Lake Michigan at Chicago. Any increase in this figure will affect the basis on which the joint power development at Barnhart has been built and will result in a waste of money to the extent that facilities will have been provided which cannot be used because of a decrease in flows. The estimated loss in energy and capacity to Canadian power plants at Niagara and Barnhart from a diversion of 1000 cfs for one year would amount to $359,200. At Beauharnois and Lachine, the full flow of the St. Lawrence River is being developed or will be developed by Hydro Quebec. According to estimates, which are based on a hypothetical additional reduction in flow of 1000 cfs on a permanent basis, the loss in Quebec to existing power installations would amount to $208,000 per year whereas the loss on projected installations would amount to $130,000 annually.

(3) The effects of an additional withdrawal of water from Lake Michigan on Great Lakes power and navigation interests, on navigation in the Mississippi River Basin, and on the treatment of sewage by the City of Chicago are well known already, through reports based on adequate studies of these subjects. Consequently, a one year temporary diversion would not appear necessary to accomplish the purposes of the three-year study envisaged in the pending legislation. It is Canada's conclusion that the goal of those urging the one-year experimental diversion is to prove that a continuing withdrawal of water at Chicago would be desirable.

(4) The two Governments have for many years regarded the waters of the Great Lakes as a great common resource, and have entered into many agreements concerning the use of these waters for various purposes. It has been the position of both Governments, reflected in such agreements, that unilateral action to change the levels and flows of the Lakes is undesirable.

(5) The Canadian Government has attempted to ascertain if any more water could be added to the Great Lakes system from sources within Canada to compensate for an increased diversion at Chicago. The Province of Ontario, which has control over these waters has concluded that to obtain additional water would be uneconomic; the location of any available source of other water and the intervening topography are such that the cost of pumping and piping an adequate quantity would be out of all proportion to the benefits conferred. Apart from these difficulties there would be the question of compensation due to Ontario for the loss of this natural resource.

(6) Constantly improving methods of waste disposal, such as were referred to in the Canadian Aide-Mémoire of January 6, 1958, and including new processes for the disposition of sludge, should make it possible for Chicago to deal adequately with this problem without seeking further to derogate from the great natural resource of the Great Lakes, which is of constantly increasing value to both countries.

(7) Canada's opposition to unilateral action affecting the levels and flows of the Great Lakes as far east as tidewater is fundamental, and no amendment of H.R. 1 would meet the Canadian Government's consistently repeated objections to such legislation.

(8) Both countries have in recent years in many fields of activity attempted to conserve natural resources to make the best use of them. The withdrawal of water from Lake Michigan and the denial of its use to all downstream parties merely to assist in the treatment of sewage waste does not correspond with such conservation.

After Mr. Green had completed his presentation, Mr. Cleveland stated that since 3100 cfs is already being diverted at Chicago, the effects on levels and flows of a one-year increased diversion would be cumulative. He asked whether there could be any assurance from the United States that the proposed additional 1000 cfs diversion would be a ceiling and that there would be no requests for further diversions of greater magnitude in later years. Regarding the problem of compensation for injured Canadian interests, he said that it is not now possible to list all such interests which might suffer damage nor to estimate in monetary terms the amount of their damage. Power losses can be accurately estimated but other types of injury cannot be so predicted.

The Ambassador pointed out that Mr. Cleveland's comments appeared to apply only to a longer diversion than the one-year diversion contemplated by the proposed legislation. In response, Mr. Cleveland said that his foregoing remarks were directed in part to the effects of a one-year diversion but also to the possibility of greater and longer diversions in the future. In this regard, he referred to Section 2(c) of H.R. 1, which raises the possibility of future increased diversions in amounts greater than 1000 cfs.

The Ambassador stated that the proponents of H.R. 1 have questioned whether the Canadian views in opposition thereto are justified solely on the basis of a one-year diversion, without regard to possible future additional ones.

Mr. Cadieux responded that Canada's consent to H.R. 1 would prejudice its position on future proposals for further increased diversions. The Ambassador assured him that there would be no sacrifice of principle involved in the giving of such consent.

Mr. Willoughby made the point that even with the increased diversion authorized by H.R. 1, Chicago would be withdrawing less water than it did prior to 1930. Mr. Green answered that the physical and economic situation in the Great Lakes Basin has changed considerably in recent years and that, in addition, Canada is unalterably opposed to any unilateral action to change the present régime of the Basin, particularly where the proposed change is for the purpose of sewage treatment, which other Great Lakes cities are solving satisfactorily by means other than diversion.

With regard to the problem of compensation, the Ambassador and Mr. Willoughby asked whether H.R. 1 could be made acceptable to Canada by being amended to contain not a specific amount of money for payment to the Canadian Government or to certain injured parties, but rather a remedy, such as a mixed claims commission or some sort of international tribunal, by which all parties alleging damage could have their claims litigated.

Mr. Cleveland answered that such a tribunal would not be able to make restitution for the innumerable losses of an intangible character which might be caused by a decrease in lake levels and flows. He cited an example of immeasurable damage to the economic life and well being of communities through a reduction in the number of ships using their port facilities or carrying their products. Mr. Green then stated that the idea of a claims tribunal was not acceptable to the Canadian Government.

The question of a compensating diversion from Canada into Lake Superior was raised by the Ambassador, and he referred to the Chicago newspaper article's proposal to the effect that such a diversion was possible and feasible.

Mr. Patterson then presented the technical facts concerning this matter. Referring to a map of the Canadian area north of Lake Superior, he gave the historical background of the existing diversions into Superior through the Long Lac and Ogoki works. He stated that the waters of the Moose River and Winnipeg River Basins are already being developed for navigation and power generation and that some waters of the Albany River are already being diverted to the Winnipeg River Basin. He further stated that while there are no basic data regarding the cost and possibilities of diverting certain additional waters from the Albany Basin into Lake Superior, various potential power sites exist on tributaries of the Albany River which Ontario may be interested in developing in the future.

In response to a question from Col. Olmstead, Mr. Patterson said that the diversion of more water through the existing works at Long Lac and Ogoki was not feasible. He agreed, in answer to another question from Col. Olmstead, that there might be other sites at which water could be diverted into Lake Superior but that although the economic feasibility was unknown to him, the physical features indicated that the cost would be high. He reiterated that the limit of the Long Lac and Ogoki works was 5000 cfs. Mr. Patterson asked Col. Olmstead whether there had been any investigation by the United States of proposals to off-set the Chicago diversion by diverting waters from the upper Mississippi River Basin into Lake Michigan or into Lake Superior. Col. Olmstead replied that he did not know whether this matter had been studied in relation to the Chicago diversion and that he was unable to provide any information regarding the feasibility of such diversions from the United States into the Great Lakes Basin.

The Ambassador next requested Canadian comment on the following suggestions made by certain United States parties:

(1) that the diversion problem be referred to the International Joint Commission for study;

(2) that an International Great Lakes Commission be established to study the effects of the experimental diversion and to exercise authority over diversions into Lake Superior.

Mr. Green responded that Canada would not favour the setting up of a new Commission and that although it would be pleased to study the suggested terms of a reference to the International Joint Commission if the United States should decide to propose such a reference, the Canadian Government would never be able to accept any International Joint Commission recommendations which provided for alteration of the Great Lakes levels and flows to the detriment of Canada. He added that a study by the I.J.C. could not solve any of the basic problems posed for Canada by the pending legislation, and emphasized again the great concern with which his Government views this entire matter, particularly in the light of completion of the St. Lawrence Seaway and the numerous projects related thereto (i.e., deeping of harbours, power development).

336. DEA/1760-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], July 6, 1960

CHICAGO DIVERSION

The question of further water diversion from Lake Michigan by the Chicago Sanitary District is still under study in the United States by (i) the Senate Foreign Relations Committee, and (ii) the United States Supreme Court.

Bill H.R. 1, which would provide for an increased diversion of one thousand cubic feet per second for one year, was approved in the House of Representatives and sent to the Senate, which in turn referred it to the Senate Foreign Relations Committee in September, 1959. H.R. 1 has not yet been reported out. At the request of Senator Fulbright, Chairman of that Committee, the State Department arranged to hold consultations with Canada about Chicago Diversion. Those consultations took place here on January 12, 1960 with United States Ambassador Wigglesworth, on which occasion the complete opposition of the Canadian Government to any diversion such as that contemplated by H.R. 1 was emphasized. It is understood that the State Department later made a full report to Senator Fulbright outlining the Canadian position.

(The State Department in fact sent a letter to Senator Fulbright on February 15, 1960† emphasizing Canada's "unalterable opposition" to diversion and pointing out that, in the State Department's view, the enactment of a measure such as H.R. 1 would have a "serious adverse affect on United States relations with Canada." Although large extracts of the State Department's letter appeared in the Press at the time, the letter as such has not to date been made public by the Senate Foreign Relations Committee.)

In June, 1959, the United States Supreme Court appointed a Special Master, Judge Albert Maris, to hear evidence on both sides of the diversion controversy. Testimony has been taken so far at Chicago, Niagara Falls, N.Y., Massena, N.Y., and Detroit. The hearings continue. In May, 1960, Judge Maris ruled against a suit by Illinois to permit three Chicago suburbs, Elmhurst, Villa Park and Lombard, to take unlimited amounts of water from Lake Michigan on the grounds that they had a water shortage; he found no evidence that a genuine water shortage existed.

Another suit involved in the water diversion issue is one instituted by six Great Lakes states which would require Chicago to return treated sewage to Lake Michigan rather than send it down the Illinois waterway.

In May, two Illinois Congressmen, expressing dissatisfaction with progress on H.R. 1 in the Senate Foreign Relations Committee, urged in the Senate Appropriations sub-committee that an amendment be made to the Appropriations Bill for the Department of Health and Welfare. This amendment would have authorized the expenditure of $12 million for the purpose of a survey of water pollution in the Great Lakes, including a diversion of one thousand cubic feet per second for a period of one year from Lake Michigan.

The Senate Appropriations Committee apparently rejected this proposal for an immediate test of increased lake diversion at Chicago, but approved, on June 14, 1960, a $500,000 study of pollution in the Great Lakes and the Illinois waterway. This proposal has since received the approval of the Senate itself but whether it will be acceptable to the House of Representatives is not yet known. Supporters of diversion apparently feel that the pollution study may open the way for a later diversion, but this does not necessarily follow. In any event the results of the study will be of considerable interest to Canada.

Canadian opposition to any further diversion of water from the Great Lakes remains unchanged and our position has been made abundantly clear to the United States Government on a number of occasions both before and since Bill H.R. 1 was introduced. A comprehensive statement of our position is given in Canadian Note Number 184 of April 9, a copy of which is attached.†

In a reply to a question by Mr. Chevrier on March 31, 1960 you mentioned the consultations here on January 12 with Mr. Wigglesworth and that a report had evidently been made to the Senate Foreign Relations Committee. You emphasized then, as you had in the External Affairs Standing Committee on March 3, that the Canadian Government had taken a firm stand against any diversion.[138]

N.A. R[OBERTSON]

7e PARTIE/PART 7

FLEUVE COLUMBIA
COLUMBIA RIVER

337. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], February 6, 1960

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Minister of National Defence (Mr. Pearkes),

[138] Note marginale :/Marginal note:
Prepared for Ext. Affairs estimates but not required. V. T[urner] 20/7/60

The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries the Cabinet (Mr. Martin), (Dr. Hodgson).

. . .

COLUMBIA RIVER NEGOTIATIONS

(Previous reference January 25)

9. *The Minister of Northern Affairs and National Resources* recalled that negotiations with the United States on the co-operative development of the Columbia River would begin in Ottawa on February 11th. In preparation for them the Cabinet Committee on Columbia River Problems had held several meetings, and the Canada-British Columbia Policy Liaison Committee (including federal and provincial ministers) was to meet on February 9th. It was hoped that agreement could be reached with the province at that time on the basis of the negotiations with the U.S.

The need for negotiations with the U.S. arose from the fact that the Columbia was an international river. Because it flowed in deep valleys with steep sides, the spring run-off was unusually heavy, the peak flow being forty times the minimum flow. Consequently, storage would greatly improve the high power potential. The portion of the Columbia lying in the U.S. had been partly developed but little development had occurred in the Canadian section. The power potential of the Columbia River was 2½ times that of the mainstem of the St. Lawrence River, including the Niagara River.

One of the proposed sequences of development contemplated the diversion of the waters of the Kootenay River into the Columbia to increase the total amount of power. This was expected to be an important issue in the negotiations with the U.S.

Another important point for Canada was the preservation of the right to divert the waters of the Columbia into the Fraser. This diversion was not proposed at this time, partly because it might damage the fisheries on the Fraser, but the right to divert remained significant for the future.

The developed capacity of the Columbia River and its tributaries at this time amounted to 346,000 k.w. in Canada and between 6 and 7 million k.w. in the U.S. If storage were provided in the Canadian section, the power capacity in Canada could be raised by 3 million k.w., and the U.S. would automatically receive 2,044,000 k.w. in incidental benefits known as downstream benefits. The proposal was that Canada and the U.S. should divide these downstream benefits equally, each country taking responsibility for development within its borders. In this way Canada would receive a large amount of power at a cost to the consumer of less than 3.5 mills on the average.

One important problem discussed last autumn with the Province of British Columbia and with the Canadian members of the International Joint Commission was the question of whether

the downstream benefits should be shared on a gross or on a net basis. Division on a gross basis meant the assignment of half of the benefits to each country, and the acceptance of responsibility by each country for the costs of development within its borders. Division on a net basis meant the application of benefits first to repay the costs of each country, and the equal division of the benefits then remaining. The standard practice in commercial agreements involving downstream benefits was to share on a net basis when there were no international implications. The I.J.C., however, had unanimously recommended, and both the Cabinet Committee and the province concurred, that the downstream benefits on the Columbia River should be shared on a net basis. There would thus be a minimum involvement of either nation in the affairs of the other; and if the U.S. should succeed in having any low-benefit projects included in the development, the incremental costs would be borne by that country alone.

The Minister proposed in his memorandum that the objective for the Canadian negotiating team should be to obtain at as early a date as possible an agreement with the U.S. that would provide the maximum advantage to Canada that was consistent with obtaining U.S. concurrence. The advantage to Canada should be primarily the optimum return of power in terms of quantity and cost; secondly, it should involve the largest possible return for flood control and other benefits accruing to the U.S. as a result of flow regulation by Canada. The agreement should be for a term certain not exceeding 50 years. It should protect Canada's right to divert water from the Columbia after the period of the agreement and should have regard for Canada's interests in other rivers crossing the international boundary. The negotiations should be based as far as possible on the principles agreed upon by the I.J.C. on December 29th, 1959.[139]

The development of the Columbia River would be one of the largest projects, if not the largest, in the history of Canada. Depending on the scheme of development finally adopted, the total cost of full development in the next 14 to 16 years would probably be of the order of $1.4 to $1.5 billion. Costs would be of three different kinds, for storage, for power generation and for power transmission, each kind involving a cost of roughly $500 million.

The Cabinet Committee had discussed about 15 different sequences of development. The province, the owner of the resource, would probably recommend adoption of Sequence 1A, comprising the High Arrow Lakes and the Mica storage projects. This sequence offered a quick return of low cost power, and low initial capital costs. The cumulative cost of power per kilowatt hour at the end of this sequence would be 3.36 mills, the total amount of hydro power would be 28.376 billion k.w.h., the annual return of power and flood control benefits would be $190.7 million and the annual net benefits would be $95.5 million. About 3,400 people would be displaced by flooding, and this aspect could give rise to serious political difficulty.

The Chairman of the Canadian Section of the I.J.C. and several members of the Cabinet Committee preferred Sequence 7, which included the Low Arrow Lakes project and the diversion of the Kootenay River, as well as Mica. If this sequence were adopted, 27.9 billion k.w.h. of power could be generated at a cumulative cost of 3.28 mills per k.w.h., and the net benefits would be $96.1 million per annum. Only about 1,800 people would be displayed by flooding but the Bull River-Luxor project in this sequence would involve a more serious destruction of resources than Sequence 1A.

The Minister said that the U.S. was expected to press for the inclusion of the Libby Dam on the Kootenay River, and might therefore be expected to oppose diversion of that river. This dam would please certain political groups by providing major public works in Montana. Canada should oppose the inclusion of this project because its benefit-cost ratio was very low, and indeed its inclusion would contravene the principles of the I.J.C. report. The states of

[139] Voir/See Volume 26, document 280.

Oregon and Washington were seeking to obtain power at the lowest possible cost, and might therefore, be expected to resist the pressure for the Libby Dam. Sequence 10A had been designed to include Libby. This sequence, however, would yield only 22.6 billion k.w.h. of power, the cumulative cost would be 3.54 mills per k.w.h. and the pet benefits would be only $71.9 million per annum. These figures clearly showed the adverse effect of Libby on the whole development.

An explanatory memorandum had been circulated, (Joint memorandum, Mr. A. Hamilton, Mr. Green and Mr. Fulton, Feb. 2, — Cab. Doc. 37/60).†

10. *The Minister of Finance* said that he believed more study should be devoted to the financial aspects of the proposed development. The Cabinet Committee had suggested that Canada should share equally in the costs of development, and had indicated that this might mean an outlay of $750 million by Canada. He was concerned at the prospect of making such an enormous commitment at a time when the government was trying to reduce borrowings and prevent increases in taxes. Since the investment was to be self-liquidating, little if any financial participation by the Federal government should be needed. The project should have a strong commercial appeal, particularly in a debt-free province. Although he recognized that any financial commitment by Canada would be spread over a number of years, a commitment at this time would have a serious effect upon the public attitude to the federal credit. Agreement to participate on a 50-50 basis would become a dangerous precedent and would almost certainly lead to similar requests from other provinces.

The only valid argument for Federal government participation was the preservation of benefits for Canada by the provision of storage. Most of the other benefits accrued to the province. The investments for power generation and power transmission did not arise from the international aspects of the proposed development. He believed, therefore, that the Federal government's participation should be confined to a share in the costs of storage, and even this would involve a commitment of some $250 million.

The press had reported a member of the Cabinet as having declared that Canada would contribute $500 million to the Columbia, and the Premier of B.C. had written asking for confirmation on this point and enquiring whether the province would be expected to guarantee repayment of the Federal government's investment. He had replied quoting the Speech from the Throne, which made no direct mention of the amount or proportion of the Federal government's contribution.

Mr. Fleming recalled that the Federal government had not contributed to the power aspects of the St. Lawrence Seaway development, although he recognized that the power development would have been impossible if the Federal government had not undertaken the navigation aspect of the Seaway. The Beechwood power project in New Brunswick was not comparable with the Columbia, because in this case the Federal government had given special assistance to a province whose fiscal position was relatively weak.

Federal participation in the Columbia development, other than assistance in the international negotiations, would win little or no political credit to the government. The B.C. government would take the credit if a federal contribution were made.

11. *The Secretary of State for External Affairs* said that the proposal for the co-operative development of the Columbia and the sharing of downstream benefits had first been advanced by General McNaughton. The Conservatives, while in opposition, had been convinced of its desirability and had incorporated it in the national development policy. The Speech from the Throne in 1957 had declared the intention to proceed with joint development of the river's potential.

Five or six years ago the Province of British Columbia had proposed to allow the Kaiser Aluminum Co. to build a dam at the foot of the Arrow Lakes. This would have made

impossible the development of the river as a whole. The Federal government of the day had intervened and got Parliament to pass the International River Control Act, which prohibited the damming of international rivers without a license from the Federal government.

The Conservative government had referred to the I.J.C. the question of the best means of determining and apportioning the downstream benefits. The unanimous report represented a triumph for Canada, and had been achieved largely by General McNaughton.

One reason for moving quickly on the Columbia was the fact that the Wenner-Gren interests were promoting a vast project for the development of the north of B.C., including the development of the power potential of the Peace River. The Provincial government had associated itself with this scheme. If it proceeded it might kill the Columbia proposals, because the U.S., being in urgent need of more power, would build a number of dams on the Snake River and elsewhere that were incompatible with an international scheme, and would also build additional thermal plants. Because the Premier of B.C. was committed to the Peace River scheme, his objective was to destroy the Columbia scheme. Negotiations on the Columbia, however, had been successfully brought to a position where the Premier did not dare to repudiate the scheme. In any international agreement Canada would accept certain obligations, and some of these would have to be assumed in turn by B.C. under a dominion-provincial agreement.

12. *During the discussion* the following points were raised:

(a) If the negotiations were rushed forward and completed before the forthcoming election in B.C., the strength of the Conservative position in the province would be destroyed because votes were rarely given for past benefits. The Conservatives, however, would be in a strong position if they appeared as sponsors of the Columbia development, in opposition to the Peace River development supported by the provincial premier, because only the Columbia offered the prospect of cheap power.

(b) On the other hand, it was stated that delay in negotiations might jeopardize the Columbia development without materially affecting the outcome of the B.C. election. If the international negotiations succeeded, it could be shown that the Conservatives had been the champions of the Columbia scheme. If the negotiations failed, the province would proceed with the Peace River development and thereby gain political kudos. The Canadian bargaining position vis-à-vis the U.S. was strong, because of the impending presidential election in November, but might be much weaker thereafter.

(c) The government had spent large sums for the Trans-Canada Highway in B.C., but had received no public recognition. Participation in the Columbia would merely enable the Provincial government to identify itself with that development and claim the credit.

(d) The Columbia development could be done only by governments, because private enterprise could not negotiate the required international agreement. Furthermore, a private company could not sell the power as cheaply as a public authority.

(e) The power load in B.C. was rising by 8 per cent per annum, and the capacity of the Columbia would be fully used by 1974. By that time additional power, probably from the Peace River, would be needed to keep pace with the demand.

(f) It was important that parliamentary approval for the Columbia be obtained this year. Congressional approval for the Libby Dam had been given a decade ago. If the international arrangement were not proceeded with, the U.S. might be expected to renew its application with the I.J.C. for the construction of Libby.

(g) In the negotiations the province would probably ask the Federal government to provide 75 per cent of the cost of the entire development. Some said that the Federal government should provide 50 per cent of the costs of storage, generation and transmission. The size of the

project was beyond the normal capacity of a province. To drive a hard bargain with the province would be to deny the national interest in the development and to enable the province to escape responsibility by saying that it could not finance its share. The Peace River project would be financed entirely by private capital.

(h) Some said that the Federal government's share should not extend to power generation or transmission. The Province of Saskatchewan had asked for a contribution from the Federal government toward the power aspect of the Saskatchewan dam, but this had been refused. Others said that the Federal government should share in transmission costs of the Columbia development. Transmission was included in agreements with the Atlantic provinces, and Manitoba had asked for assistance in financing transmission costs. Eventually, a national power grid should be developed to convey power from energy surplus areas to energy deficit areas of the country, and to reduce the cost of power everywhere in the country. Such a grid would also make possible the transmission of power from northern rivers to areas of peak demand.

(i) One possibility might be to inform the B.C. government that the Federal government was prepared to contribute half the cost of the Mica Dam. This tremendous project was common to all sequences, and would involve a cost of about $320 million. It would take about 6 years to build. On the other hand, a commitment for only one project might arouse the suspicions of the province and might wreck the negotiations. In any case, it would set a financial pattern for the subsequent projects, and therefore, could not really be decided in isolation.

(j) The development of the Columbia would require investments in Canada amounting to $280 million in the first 6 years, $300 million in the next 2 years and another $300 million in the following 2 years. By the end of the sixth year the annual returns would exceed the annual incremental costs, and after 11 years the development would yield an annual net profit of $96 million to Canada. Power might be produced at a cumulative cost of 3½ mills, but might, during the early years, be sold to consumers in B.C. at a higher rate. The actual charge would be a matter for negotiation with the province, but might be at any level between the cost and the existing B.C. power rate of 6½ mills. The Federal government might reasonably ask for a share of any such operating profit in proportion to the ratio of Canada's capital contribution to that of the province, such share to be applied in accelerated repayment of the Federal financing. Canada should also receive interest on its contribution.

(k) The provincial spokesmen were saying that the province must know the extent of aid to be expected from the Federal government before the province would agree to support any programme of development. The negotiators for the Federal government should take the position that, as the resource was provincial, the province should make the initial proposals on February 9th and should indicate whether or not they were asking for financial assistance from the Federal government. Such an approach would be in line with the statement in the Speech from the Throne which indicated that the Federal government would assist if so requested by the province.

13. The Cabinet agreed:

(a) that the Minister of Northern Affairs and National Resources, the Secretary of State for External Affairs and Mr. Fulton, as the Federal government's representatives on the Canada-B.C. Policy Liaison Committee on the Columbia River, should try at the Committee's meeting on February 9th to ascertain the proposals of the Province of British Columbia for joint development, including the sequence of projects and the financial assistance expected by the province;

(b) that the Federal government representatives be authorized to inform the B.C. representatives that the Government of Canada is prepared, subject to the approval of Parliament, to

consider sharing the costs of the storage necessary to implement the proposed treaty between Canada and the United States for the cooperative development of the Columbia River;

(c) that Cabinet should decide, in the light of the discussion between the federal and provincial representatives on the Policy Liaison Committee whether it should be stated forthwith that, subject to Parliamentary approval, Canada will pay one half these costs provided:

(i) that financing provided by the Federal government would be repaid with interest from the revenues from power; and

(ii) that, until the federal share had been repaid in full, the Federal government would receive a share of any net revenues obtained by the province from the development, in proportion to the ratio of Canada's capital contribution to that of the province, such share to be applied in accelerated repayment of the federal financing;

(d) that, during the negotiations with B.C., the Federal government's representatives should not offer a contribution greater than that described in (b) above toward storage costs, and should make no offer to contribute toward the cost of power generation or power transmission;

(e) that both the negotiations with B.C. and those with the U.S. be based upon the principles recommended by the International Joint Commission on December 29th, 1959, for the determination and apportionment of benefits derived from cooperative development of the Columbia River; and

(f) that all other questions of policy arising in the negotiations should be referred to the Cabinet for consideration, and any agreements reached should be subject to approval by the Cabinet.

R.B. BRYCE
Secretary to the Cabinet

338. J.G.D./VI/552

Le premier ministre de la Colombie-Britannique au ministre des Finances

Premier of British Columbia to Minister of Finance

Victoria, March 4, 1960

Dear Mr. Fleming:

Press reports from Ottawa suggest that firm financial proposals have been made to British Columbia concerning the development of the Columbia River.

Bearing in mind my letter of the 8th December and your answer thereto of January 20,† I find that the only other suggestions dealing with the financial aspects involved is the one included in the minutes of a meeting held at Ottawa by the Policy Liaison Committee which reads as follows:

"Detailed arrangements for possible federal financial participation could be worked out between Canada and B.C. on the basis of friendly negotiation. The federal government is committed to a National Development Policy and it would approach the Columbia on that basis. It was recognized that the Columbia is a B.C. resource, therefore the federal government would not wish to dictate a sequence of development. However, its financial participation might influence the decision on a sequence. In the event of a conflict of the short and long-term interest such participation might be helpful. The extent to which the

federal government would consider that the development was the best plan available for the good of the nation.

"It was indicated that the federal government, to make possible a satisfactory agreement with the U.S., would be prepared to consider a proposal whereby it would participate to the extent of 1/2 the cost of providing the storage (including flowage costs) which would produce downstream benefits under that agreement. The suggested rate of interest for such a loan would be the then current federal rate plus 1/8 per cent. This was consistent with arrangements with other provinces. It was agreed that B.C., if it so desired, could itself finance any element or all of the development."

It is noteworthy that the said committee expressed the opinion that British Columbia could not, on its own, be committed to large and costly developments *which might not produce adequate revenue for several years*. Also that paragraph 3 indicates that the Federal Government, *to make possible a satisfactory arrangement with the United States, would be prepared to consider a proposal* whereby it would participate to the extent of one-half of the cost of providing storage (including flowage costs) which would produce downstream benefits under that agreement. The suggested rate of interest for *such a loan* to be the then current federal rate, plus 1/8 per cent.

I, furthermore, understand that loans, such as the aforesaid, are available only on a "self-liquidating" basis which implies that debt carrying and redemption would become a first charge on downstream benefits and that if the latter were insufficient, provincial income is affected.

I do not wish to belabour the subject, but would suggest that the specific inquiry made in my letter to you of December 8th has not as yet been effectively answered, and that a responsible financial commitment normally made only by the Minister of Finance has not been made.

I must express grave concern at the lack of specific information respecting financial aspects involved *which in no way affect international negotiations*. Also perplexing are the generalizations concerning the cost and financing of a variety of projects which are under study and discussion and which, although lending themselves to the development of the Columbia, have widely differing values as to downstream benefits; and the isolation of storage as a financial participating plan, thus eliminating federal participation in fundamental power generating facilities within British Columbia.

At this time, in the light of developments, would you please favour me with a copy of the binding financial agreements covering the Saskatchewan dam and the New Brunswick Power developments, together with advice as to any direct federal grants for these projects.

Yours faithfully,

W.A.C. BENNETT

339. J.G.D./VI/552

Le ministre des Finances
au premier ministre de la Colombie-Britannique

Minister of Finance
to Premier of British Columbia

Ottawa, April 21, 1960

My dear Premier:

I duly received your letter dated March 4th concerning the proposed development of the Columbia River. My reply has been delayed by the preparations for the annual Budget and the debate thereon.

The development of the Columbia River which you discuss in your letter is now the subject of negotiation with the Government of the United States. You raise specifically the question of a federal financial contribution to the cost of such development. I am rather surprised that you say that the specific inquiry contained in your letter to me of December 8, 1959, has not been effectively answered, and that you also express concern at what you describe as "the lack of specific information respecting financial aspects involved, which in no way affect international negotiations."

Before dealing with the suggestion that the Government of Canada has withheld specific information on financial aspects, I should deal with what I understand to be your further suggestion that the financial discussions should be carried on in isolation from the question of international negotiations. This seems to me to be quite unrealistic.

As you know, the course of negotiations has made it clear that any international agreement must involve specific commitments by both sides, and it is therefore difficult to see how consideration of financial aspects as between Canada and British Columbia can be intelligently carried on without reference to the projects on the Canadian side which will form part of the agreement.

Dealing then with your expressed concern about the lack of specific information respecting financial matters, I must state firmly that the responsibility for any lack of clarity does not rest with the federal authorities. As I intimated to you in my letter of January 20th, I considered that the matter of any federal contribution to the cost of this development should be the subject of discussion between the representatives of our two Governments. Accordingly, at the meeting of the Canada-B.C. Columbia River Policy Liaison Committee in Ottawa on February 9th, the representatives of the Government of Canada indicated to the Committee the readiness of this Government, if requested by the Province, to make a contribution of one-half the total costs, including flowage costs, of providing the storages to be built in Canada under an agreement, this contribution to be on a self-liquidating basis and conditional upon the proposed sequence of river development being one which, in our view, best served Canadian interests. This, of course, implies that it will be the returns from the projects that will be looked to for repayment.

The federal representatives indicated at that time that the terms and conditions of the advance and of the repayment, and the implications of the "self-liquidating" feature, could be the subject of negotiation, it being the object of the Government of Canada, in making this offer, to assist in bringing about a realization of Columbia River development, recognizing that the necessity to make specific commitments to construct and to commence construction at the earliest possible date makes the question of financing one in which the co-operation of the Federal Government could appropriately be offered.

The representatives of your government at the meeting of the 9th of February made no specific reply to this proposal. It was our thought that your representatives might be prepared to reply at the next meeting of the Policy Liaison Committee, which was held in Victoria on February 27th. However, when the matter was there raised by the federal representatives, the British Columbia representatives were still not prepared to make any specific reply, and requested that further discussion on the matter of financial participation should be deferred until the international negotiations were further advanced. Nor was any reply received from your representatives at the meeting held in Ottawa on March 30th.

In the light of the facts which thus emerge, namely, that the Federal Government has made a definite offer to negotiate an arrangement along the lines outlined above and that the representatives of British Columbia have indicated that they did not wish as yet to enter into specific discussion of this offer, I am not able to understand how you can express "grave concern at the lack of specific information respecting financial aspects" or state that the inquiry made in your letter to me of December 8th has not been effectively answered.

Towards the end of your letter you state that you find perplexing "the isolation of storage as a financial participating plan, thus eliminating federal participation in fundamental power-generating facilities within British Columbia." You also ask for copies of certain financial agreements between Canada and certain provincial governments, and I enclose these.

At this time, however, I should briefly explain that all the provinces have heretofore financed all their own facilities for hydro-electric generation. For the Government to arrange to contribute to the financing of such generation in British Columbia would immediately be a source of grievance in every other province. Your letter refers to the Beechwood project in New Brunswick; the fact is that this project was initiated and entirely financed by the province itself, and that the subsequent assistance of the Government of Canada related simply to the problem of funding existing bank loans.

The element in the Columbia River development that can be considered as a special basis for assistance to the Government of British Columbia lies in the fact that there are downstream benefits to be obtained and that since these arise in the United States, an international agreement, to which the Government of Canada must be a party, is essential. Further, it is recognized that to achieve the maximum long-run amount of downstream benefits from the United States for British Columbia, it may be necessary for the Province to construct more storage dams than it may have contemplated in the immediate future. The cost of obtaining these downstream benefits is included in the cost of storage in Canada.

I understand that an explanation along these lines was put forward at the meeting of the Liaison Committee on February 9th, but I am glad to have this opportunity to make the matter thoroughly clear.

You will, I know, recognize that storage, with which Federal Government assistance could be associated, will not only be a very large element in the total cost of developing the Columbia in Canada, but the provision of storage is necessary before it would be possible to develop power in Canada.

In summary, therefore, the position is that the Government of Canada remains anxious to conclude an international agreement for the optimum development of the Columbia River at the earliest possible moment; that the Government of Canada has obtained the agreement of British Columbia that in the international negotiations we should put forward specific projects on the Canadian side and make a commitment to commence construction thereof at the earliest possible date; that the Government of Canada, in order to assist the Government of British Columbia, is willing to advance one-half the capital cost of providing storage which in turn will produce the greatest and least expensive return by way of downstream power benefits and at the same time make possible the provision in British Columbia of very low cost power

sufficient to meet the forecast needs of the Province until approximately 1975; the Government of Canada remains ready to enter into discussions with British Columbia at any time as to the details of the financial offer thus made and to enter into such negotiations thereon as British Columbia may care to hold; but to date neither you nor your representatives have been prepared to discuss this matter in detail.

We are anxious to facilitate both the detailed international agreement and the detailed Dominion-Provincial agreement necessary to make this extremely beneficial development a reality.

As requested by you, I enclose herewith a copy of the following documents:

Agreement between Canada and Saskatchewan, dated July 25, 1958, concerning the South Saskatchewan River Project;

Order-in-Council P.C. 1958-434 of March 24, 1958, authorizing a loan to the Government of New Brunswick in respect of the Beechwood Power Project;

Agreement between Canada and New Brunswick dated February 14, 1958, under the provisions of the Atlantic Provinces Power Development Act.

Yours sincerely,

[DONALD FLEMING]

340. PCO

Note du ministre des Affaires du Nord et des ressources nationales pour le Cabinet

Memorandum from Minister of Northern Affairs and National Resources to Cabinet

CABINET DOCUMENT NO. 139-60 Ottawa, April 26, 1960

CONFIDENTIAL

COLUMBIA RIVER PROBLEMS

The purpose of this memorandum is to outline briefly the present status of negotiations with the United States on the Columbia River development and to compare the likely consequences of the alternative courses which appear to be open to the Government of Canada in dealing with British Columbia and with the United States.

I.J.C. Principles

From the outset of the negotiations, the United States negotiating team has maintained the position that the principles recommended by the International Joint Commission for the measurement and apportionment of downstream benefits are not acceptable to the United States as a basis for negotiation, but merely as a "guide" to negotiations. This means that the selection of the projects to be included in the international agreement as well as the amount of power and flood control payments to be made to Canada are as yet to be decided.

Negotiations of Selected Projects

At present, both Canada and the United States are agreed that the High Arrow Lakes dam (including a storage dam at Duncan Lake) and Mica Creek should be part of any system of projects. On the Kootenay River, each side has shown itself prepared to consider either storage projects in Canada at Bull River and Dorr or the Libby project which would create a storage that would cross the boundary.

The *initial United States terms for Bull River-Dorr* envisaged a sale of power to the United States since they would get less power from it than they would from Libby. The Canadian response was that this would mean either a relatively high scale price for this power or a full scale diversion of the Kootenay River involving a financial burden which Canada was not prepared to accept at this time. The *Canadian terms for Libby* have so far involved a separate position for this project, with all due benefits from Arrow-Duncan and Mica reserved for the all-Canadian projects, no Libby costs assumed by Canada and all downstream benefits of Libby retained in the country where they occur. The United States responded that this would make it difficult — if not impossible — to get the approval of Congress for the Libby project. *The U.S. then made the following proposal*:

1. Arrow Lakes-Duncan and Mica to be first-added projects and receive the corresponding benefits.

2. The Kootenay River in the United States to be exempt from payment of any share of downstream benefits to Canada in respect of any head developed in the United States.

3. Canada to permit the United States to reserve for a stated period of time, *perhaps five years, the right to either construct Libby or to call upon Canada to construct Bull River-Dorr.*

4. Canada to undertake not to divert more than one million acre-feet of water per annum from the Kootenay River into the Columbia River at Canal Flats during the life of the agreement.

5. If Bull River-Dorr is constructed, Canada to receive the power and flood control benefits to which this project would have been entitled in the same credit position as Libby, and at the same point of time except for any power benefits accruing on the Kootenay River, as stipulated above.

The above proposal was qualified to some extent by the U.S. negotiators suggesting that depending on the outcome of negotiations on secondary energy and transmission costs the United States might or might not insist on the reservation of a storage credit position for an unspecified amount of United States storage after Arrow Lakes and before Mica Creek.

The U.S. proposal as it now stands, contains a number of conditions which require further negotiation and clarification. However, assuming that these points could be negotiated satisfactorily, the proposal would mean that Canada would build the High Arrow Lakes and Mica dams as first and second added projects, and might be called on to build Bull River-Dorr or alternatively acquiesce in the U.S. building Libby.

One possible course would be to accept the U.S. proposition (with such changes on points of detail as might be negotiated.) This course is referred to below as Alternative A.

High Arrow Lakes and Mica Projects

The High Arrow Lakes and Duncan Lake projects would cost about $95 million and could be built in about 5 years. The Mica storage projects would cost about $244 million and could be built in about 8 years. The cost of transmission facilities in Canada associated with the downstream power benefits from these three dams would be about $102 million, making a *total capital cost of $441 million to be expended over a period of upwards of 8 years.*

In return for regulation of flow, Canada would be entitled to one-half the downstream benefits produced at U.S. hydro plants on the Columbia. In the case of High Arrow Lakes-Duncan this would be the equivalent of 478 mw. years of prime power. If power is valued at 4½ mills per kwh. the annual value would be $18.8 million. In the case of the Mica dam the downstream benefits returnable to Canada would be of the order of 343 mw. years of prime power having an annual value of $13.5 million. The flood control payments for the storage in these three dams would be of the order of 2.8 million dollars per year.

In summary if the High Arrow and Mica projects are constructed the outcome for Canada would be as follows:

Project	Capital Cost Millions	Amount of power to Canada Prime MW.	Annual Value @ 4½ mills Millions
Arrow Lakes and Duncan	$ 95	478	$ 18.8
Mica Creek	$244	343	$ 13.5
Transmission	$102		
Flood Control			$ 2.8
TOTAL	$441	821	$ 35.1

The annual cost would be of the order of $28.5 million if Canada is not required to pay the annual cost of transmission from the U.S. generators to the Canadian border estimated at $3.4 million. (The above figures are based on estimates of the Water Resources Branch and are subject to satisfactory resolution of certain problems now under international discussion.)

Libby vs. Bull River-Dorr

Canada would also give the U.S. a 5 year option of building Libby Dam or calling on Canada to construct the Bull River-Dorr project. If the U.S. builds the Libby Dam, Canada would receive the downstream benefits of 229 mw. years of power produced on the Kootenay River in Canada. The only costs incurred would be $63 million to develop and transmit these benefits.

On the other hand, if the U.S. elected to ask Canada to build the Bull River-Dorr project, the cost of the storage projects would be about $124 million and the cost of transmission in Canada and at site installation at Bull River-Dorr and in the West Kootenay reach would be of the order of $121 million; a total investment cost of $243 million or $16.7 million annually. In return for this Canada would receive 108 mw. years of prime power at Bull River and Dorr, 229 mw. years of prime power at the lower Kootenay plants and 52 mw. years of downstream benefit power from the U.S.; a total of 389 mw. years. Assuming 4½ mills per kwh. the annual return to Canada would be $15.3 million from power and a possible $1.9 million for flood control.

The building of Bull River-Dorr would therefore give Canada a larger total amount of power but at a slightly higher system cost.

Alternative B — Maximum Development of the River

Acceptance of Alternative A (with Libby) would mean that Canada could not divert the whole flow of the Kootenay (in Canada) northward into the Columbia during the life of the agreement (probably 50 or 60 years). Foregoing such a diversion means foregoing a potential power development of between 300 and 500 mw. *Alternative B* is to reject the U.S. proposal and go for this total development.

Maximum development has certain disadvantages. It would require heavy capital investments *in the early stages* and it would require the flooding of two valleys in British Columbia. There is much to be said for this alternative in terms of the long term view, although the arguments in favour of this alternative are less compelling because the province of British Columbia is relatively rich in energy sources and on the other hand it is relatively deficient in agricultural land. At all events, British Columbia has taken a strong stand *against* a maximum diversion from the Kootenay to the Columbia. The full development of the Columbia in Canada would delay other power developments in British Columbia such as the

upper Fraser with associated flood control and the thermal developments now contemplated by the B.C. Electric Co.

The relative economic consequences of the two alternatives in the long term are difficult to assess with any degree of accuracy because the full benefits from diversion would only be realized after all the dams are constructed on the Columbia. Moreover the changes in construction costs and land use would alter present calculations. However, Alternative B would mean a very large building program at the outset: High Arrow (and Duncan), Mica, a full Bull-River-Dorr-Luxor storage on the Kootenay.

The first problem would be to get B.C. agreement. They have strongly opposed this course and can be expected to continue to do so.

The second problem is that the U.S. would probably not agree unless we were willing to sell them 200-275 mw. of power at a low price for at least 20 years.

Comparison of Alternatives (at full development) –

	Total Capital Cost in Canada Millions	Annual Amount of Power to Canada Billions of kwh.	Cost per kwh to Canada Mills per kwh
Alternative A –			
(i) High Arrow-Duncan, Mica, *Libby*	$1291	24.7	3.47
(ii) High Arrow-Duncan, Mica, *Bull River-Dorr* (Without Diversion)	$1473	26.1	3.68
Alternative B – (with *no* sale of power to U.S.)	$1529	28.6	3.49

If, under Alternative B, there had to be a sale of 275 mw. of prime power to the U.S. for 20 years, it would reduce the effective yield of power to Canada for that period. The final two figures in the table would become:

	Annual Power to Canada	Cost — Mills per kwh
If sale were at 2½ mills per kwh. -	26.2	3.59
If sale were at 4 mills per kwh. -	26.2	3.44

General

If the government of Canada were to decide on Alternative B and to urge the full development of the Columbia in Canada it would be faced with strong opposition from B.C. The B.C. ministers have said they cannot contemplate a maximum diversion of the Kootenay to the Columbia since this would require the flooding of the Kootenay and upper Columbia valleys from Dorr to Luxor. This would create another barrier to East-West traffic and flood one of the fertile valleys of B.C.

The strongest arguments in favour of Alternative B. are that it would (a) provide a greater quantity of power (b) give the Canadian entity a greater measure of control of the river (c) make more feasible the ultimate diversion of the Columbia to the Fraser if this is decided at the end of the 50 year agreement.

The main arguments in favour of *Alternative A* are that it would (a) open the way to early agreement (b) provide substantial power benefits to both Canada and the United States and (c) avoid the most extensive flooding of the Kootenay Valley.

The main arguments against *Alternative A* are that it would (a) open the possibility of the construction of Libby (with a lower power return to Canada) (b) eliminate for 50-60 years the

possibility of maximum power development in Canada and (c) leave Canada in a position of uncertainty until the U.S. exercised its "option."

No new factors are likely to emerge to influence a decision. It is essential that both the Canadian and British Columbia governments decide now whether Alternative A or Alternative B should be *the basis* on which agreement is to be sought. It is quite possible that variations of either alternative might be brought about in the course of negotiation (and modifications favourable to Canada in either case would be the objective). In essence, however, one Alternative or the other has to form the basis of negotiation.

ALVIN HAMILTON

341. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], April 28, 1960

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries the Cabinet (Mr. Fournier), (Dr. Hodgson).

. . .

COLUMBIA RIVER NEGOTIATIONS
(Previous reference February 6)

34. *The Minister of Northern Affairs and National Resources*, as Chairman of the Cabinet Committee on Columbia River Problems, said that further guidance was required as to the basis to be selected for further negotiations with the United States. A choice was needed between two sequences of projects. In both of these, High Arrow-Duncan and Mica would be first-added projects and would receive the corresponding benefits, but under Alternative A the U.S. would be permitted to reserve for perhaps five years the right either to construct Libby or to call upon Canada to construct Bull River-Dorr. Under Alternative B the maximum development of the Columbia River would be achieved, a full Bull River-Dorr-Luxor storage

project being added to the initial construction programme. Either of the two alternatives would probably be accepted by the U.S.

Alternative A, if Libby was included, would invoice a total capital cost in Canada of $1,291 million, and yield annually 24.7 billion kwh of power to Canada at 3.47 mills per kwh. If Bull River-Dorr was included, the cost in Canada would rise to $1,473 million, but the yield would increase to 26.1 billion kwh at 3.68 mills. Alternative B would cost $1,529 million in Canada, and would yield 28.6 billion kwh at 3.49 mills.

The Minister said that the co-operative development of the Columbia River, if successfully negotiated, would constitute one of the largest enterprises that Canada would ever undertake.

Alternative B offered important advantages. It would provide a greater quantity of power, would give the Canadian power entity a greater measure of control of the river and would be compatible with the diversion of the Columbia to the Fraser if desired at the end of the 50-year agreement.

On the other hand, the B.C. government refused absolutely to agree to the maximum diversion of the Kootenay to the Columbia because it would require flooding of the Kootenay and upper Columbia valleys for a distance of 175 miles from Dorr to Luxor. The High Arrow project would create one barrier to east-west travel in the province, and Luxor if built would create a second. Luxor would also involve the loss of scarce agricultural land and the displacement of an additional 1600 residents. It was clear that the provincial government would resist Alternative B with all the means at its command.

In the circumstances a majority of the Cabinet Committee had concluded that Alternative A constituted the only real possibility of obtaining an agreement between the parties. This alternative would provide substantial power benefits at a favourable cost to both Canada and the U.S. It had the disadvantage of opening the possibility of the construction of Libby, involving a lower power return to Canada.

An explanatory memorandum had been circulated, (Minister's memorandum, April 26 — Cab. Doc. 139-60).

35. *During the discussion* the following points were raised:

(a) Estimated capital costs included an allowance for compensation to be paid to residents displaced by flooding.

(b) Construction of the Libby project would mean that Canada could not divert the whole flow of the Kootenay River in Canada northward into the Columbia during the life of the agreement, and such diversion might remain impracticable thereafter for reasons of international relations.

(c) Some said that, in view of the intransigence of the B.C. government in resisting full development of the resource, there was room for question whether the Dominion government should make any large financial contribution. Others said that there was no certainty that the maximum development of the Columbia would ever in fact be needed, because power could also be obtained from other rivers in the province and from thermal or nuclear stations.

(d) Alternative A had numerous possible forms. The Canadian negotiating team should seek agreement on the version that was most favourable to Canada.

36. *The Cabinet* approved the recommendations of the Cabinet Committee on Columbia River Problems,

* (a) that, in view of the rejection by British Columbia of the plan of development that would be necessary on the Kootenay River to permit a full diversion from it into the Columbia, which rejection makes impossible the conclusion of an agreement with the United States on the basis of such full diversion, the federal members of the Canadian negotiating team be authorized to accept the elimination from negotiations with the United States of this pattern of development

designed to achieve the maximum development of the power potential and involving an immediate commitment to construct the Bull River-Dorr-Luxor storages; and,

(b) that the Canadian negotiating team be authorized, subject to the agreement of the government of British Columbia, to negotiate with the U.S. for agreement on the most favourable version obtainable of a pattern of development in which,

(i) High Arrow Lakes (and Duncan) and Mica would be first-added projects and would receive the corresponding benefits;

(ii) if necessary to secure an agreement, Canada would permit the U.S. to reserve for a period of perhaps five years the right to construct Libby; and if necessary Canada would permit the U.S. alternatively to call upon Canada to build Bull River-Dorr;

(iii) if necessary Canada would undertake not to divert more than one million acre-feet of water per annum from the Kootenay River into the Columbia River at Canal Flats during the life of the agreement; and,

(iv) if Bull River-Dorr was constructed, Canada would receive credit for the benefits to which this project would have been entitled in the same credit position as Libby, and at the same point in time.

**Note*: The wording of part (a) is that which was recommended by the Minister of Northern Affairs and National Resources and Mr. Fulton, and agreed to subsequently by the Cabinet on May 12th.

. . .

342. H.C.G.

Le premier ministre de la Colombie-Britannique
au ministre des Finances

Premier of British Columbia
to Minister of Finance

Victoria, May 6, 1960

Dear Mr. Fleming:

This will acknowledge your letter of April 21st, concerning proposals for development of the Columbia River.

In this connection, I am disturbed at your suggestion that no area for discussion of its financial aspects between yourself and myself as the respective Ministers of Finance exists. I must point out again that British Columbia still has received no confirmation of the statement made by the Honourable Mr. Green on December 4th last to the effect that the estimated one billion dollar cost of the project would "be shared equally by the Federal and Provincial Governments." Surely this statement alone by a responsible Minister of the Crown, representing as it does a firm verbal undertaking the confirmation of which British Columbia still awaits, illustrates the very real and urgent necessity for a written understanding between yourself and myself as the ministers most directly concerned.

The prospect that a project of such financial magnitude and lasting economic importance to Canadians might be endangered, either through misinterpretation of verbal statements or through the lack of written understanding is, I am sure, one which neither of us would like to contemplate.

This Government, whose policy from the outset has been directed towards swift and just completion of negotiations for development of the Columbia River, is still disturbed at the

apparent repudiation, first by the technical officers of Canada and second by your letter of April 21st, of the Federal financial policy as outlined by Mr. Green. Whereas that initial undertaking suggested that Canada would pay 50% of the overall cost, I now take it to be your position that Canada would lend a portion of the capital required only for dams whose storage features will make them of primary benefit to the United States.

At this juncture I would draw your attention to an outline of estimated costs submitted at the technical conference on March 30, 1960 by Dr. J.V. Fisher which — as to amount and incidence was concurred with by one of your Treasury officials — and which indicates that Canada's participating share by way of federal revenue secured loans, as suggested at a former meeting, would be restricted to some 13.25% of the total cost instead of the 50% cost sharing basis promised by your colleague.

I thank you for the documents sent me with your letter. It is noteworthy that the summary of the "Saskatchewan River Project" indicates that instead of loans to the Province there is assumption by Canada of certain costs, i.e.: (1) Canada will pay 75% of the cost of _____ (2) There are certain additional costs in connection with the reservoir which are not shareable but which are borne entirely by either the federal or provincial government _____ (3) Canada will pay 25% of constructing such penstocks as may be necessary to produce up to 200,000 horsepower (5) Canada will pay for reservoir maintenance of costs for a period of ten years _____.

Thus, the urgent need for a policy which will be of full and immediate benefit to British Columbia and Canada remains to be met, and in the circumstances, I must ask again that you confirm the December 5th undertaking of Mr. Green.

Yours faithfully,

W.A.C. BENNETT

343. J.G.D./VI/552/Columbia

Le ministre des Finances
au premier ministre de la Colombie-Britannique

Minister of Finance
to Premier of British Columbia

Ottawa, May 13, 1960

My dear Premier:

I have your letter of the 6th instant in reply to mine of April 21st dealing further with the question of the mutual arrangements that might be made between our two governments for the financing of costs of Columbia River development.

I must express surprise and regret at your suggestion that the Federal Government is unwilling to discuss with you its offer of financial participation. Clearly the full details can not be worked out until Canada and British Columbia both have a clear idea of the projects to be agreed upon in negotiation with the United States, and of the various obligations and benefits which will accrue to British Columbia under such an agreement. However, recognizing that financial discussions can commence at any time, my colleagues and I have repeatedly declared (e.g., at meetings of the joint Policy Liaison Committee) that we are ready at any time to discuss with you the financial problems involved and the general nature of the proposed Federal assistance.

I must make it perfectly clear again that the responsibility for any delay in coming to an understanding concerning the nature of the joint financial arrangements that might be made

rests with you and your government, and in no way lies on the shoulders of this government. As I emphasized to you in my last letter, our representatives on the joint Canada-British Columbia Policy Liaison Committee outlined an offer which is incorporated in the Minutes of their meeting held on February 9th, 1960. At that meeting and at the two subsequent meetings, your representatives indicated they were not prepared to discuss this offer at this time.

More importantly, on the occasion of his recent trip to Victoria, the Honourable E.D. Fulton arranged a special meeting with Mr. Williston and Mr. Bonner for the specific purpose of suggesting a method of clearing away any misunderstanding with regard to the financial arrangements. He informs me that at that meeting, on April 21st, he urged that your government consider sending one or two persons to Ottawa to have an informal discussion with federal representatives on the specific matter of the financial arrangements which might be made, for the purpose of clearing away any misunderstanding and attempting to establish a mutually acceptable basis upon which the question of joint contribution to the cost of this development could be settled. To date not only has there been no acceptance of this suggestion but we have received not even a response to the proposal.

Under these circumstances it only remains for me to repeat that the federal government is ready and anxious to discuss the nature of our offer to participate in the financing, and to negotiate with your government on the most realistic and practical basis.

At the same time I can not help but express astonishment at the statement in the final sentence of the fourth paragraph of your letter that, under the British Columbia River development, we will be building "dams whose storage features will make them of primary benefit to the United States." The Government of Canada has no such intention in mind and will certainly not be a party to an agreement having any such result. We have insisted at all times that 50% of the downstream benefits from storages in Canada shall be returned to Canada as well as the full value for flood control benefits. Moreover, in the case of the storage dams that have been in contemplation, except the High Arrow dam which your government has especially favoured, there is the possibility of at-site power development, the benefits of which will accrue entirely to Canada.

Yours truly,
DONALD M. FLEMING

344. J.G.D./XII/C106

Note du ministre de la Justice pour le premier ministre

Memorandum from Minister of Justice to Prime Minister

CONFIDENTIAL [Ottawa], June 30, 1960

COLUMBIA RIVER[140]

There is no insuperable problem vis-à-vis the Americans concerning the construction of three projects on the Canadian side of the border, two on the Columbia River and one on the Kootenay River, but the British Columbia Government is not prepared to countenance a project on the Kootenay River. The United States Government on the other hand insists that a solution of the Kootenay River flooding problem must be part of any international agreement.

[140] Notes illisibles inscrites dans la marge, en haut du document, de John Diefenbaker.
Illegible marginal notes in John Diefenbaker's hand appear at the top of this document.

There are only two ways that the Kootenay problem can be solved; either by a Canadian project such as the Bull River-Dorr project or by the construction of the Libby Dam in Montana.[141]

The British Columbia position means in effect that we say to the Americans: "We won't provide anything on our side; you must therefore build Libby Dam." Once we get into the position of asking the Americans to build Libby Dam, we place them in a strong bargaining position since Libby is basically an uneconomic project. The Americans will be in a position to demand and will demand concessions in order to make Libby economic. These concessions can only be given at the expense of the remaining Canadian storages, i.e., High Arrow and Mica. The British Columbia Government will probably want the concessions to be made at the expense of Mica since it would prefer that Mica not be commenced for some years. The B.C. Government would prefer to construct High Arrow first (it is inexpensive and yields rich downstream benefits in proportion to the cost but produces no power at site) and then develop the Peace River power projects, leaving Mica to be constructed at a later date.

The following factors should be kept in mind when considering the political effect of the various alternative methods of coping with the Columbia River problem.

1. At the present time there is great concern in British Columbia about the unemployment problem, the feeling being that the Federal Government committed itself to dealing effectively with this problem in the course of the last election campaign. Unemployment is most severe in the construction trades.

2. A well organized campaign by labour unions is being started concerning unemployment in British Columbia. This unemployment has resulted in part from the completion of several large industrial expansion projects but the Government's national housing loan policy is also felt to have contributed to the present situation.

3. It would appear that the voting public now holds the Federal Government directly and primarily responsible for unemployment. Certainly the B.C. Socred Government will foster this feeling. If a Federal Government must assume this responsibility, it follows that the Federal Government must seek ways to enlarge its jurisdiction or sphere of activity in the management of the economy; otherwise the Federal Government will find itself in the impossible position of having a new and onerous duty to perform without having adequate means of discharging its duty.

4. The former Government enjoyed a reputation for effective policies in managing the economy. This was to some extent manifested by the unusual reputation which Mr. C.D. Howe gained over the years. We have not as yet established the same reputation.

5. It may be necessary for the Government in the near future to take whatever steps it can to encourage the development of secondary industry in British Columbia, Quebec and the Maritimes. In doing so, the Federal Government would derive a considerable advantage from having a direct or indirect control over the cost of power.

6. It is probable that the public believes that the development of the Columbia River networks' power potential is primarily the responsibility of the Federal Government. This belief is possibly founded on the former Government's interference with the Kaiser Dam project, on the widespread publicity given to General McNaughton's work and statements and on similar publicity given to current negotiations with the United States.

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[141] Note marginale :/Marginal note:
$400,000,000 over 12-15 years. [J.G. Diefenbaker]

Under these circumstances, it would appear that there are three main alternatives presently before us:

First – To override British Columbia's objections and bring about maximum development of the river in accordance with Federal views. There are two variations of this alternative, discussed hereunder.

Second – To take the position that since British Columbia will not agree to the scheme of development which best serves the national interest, but since the Province owns the resources, the Federal Government, although it cannot force British Columbia to build according to the best sequence, will not continue the negotiations, — and in effect veto British Columbia's scheme.

Third – To agree to a sequence of development which in effect accepts British Columbia's position, and continue negotiations with the Americans designed to minimize the disadvantages to Canada.

These three alternatives are discussed in detail as Alternatives "A", "B" and "C".

ALTERNATIVE "A"

There are two ways in which this alternative could be approached:

(1) Say to British Columbia: Since you will not agree to the best sequence of development, in part because you say it imposes too great a strain on the financial resources of the Province, we will agree to finance the whole project if you will agree to its being built in accord with the sequence which best serves Canada's long-term interests. The Federal Government would assume responsibility for the construction and operation of the projects until it is on a self-supporting basis, whereupon it will be turned over to the Province on condition that (an agreed) portion of the Federal Government's financial contribution is repaid from revenues.

This would be in accord with the theme of the National Development Policy, and such an offer would place this Government in a strong political position, and put the Provincial Government in a weak political position.[142]

(2) Simply declare now that since the British Columbia position and proposals prejudice the national interest in the development of these resources, and since the Federal Government does have an over-riding jurisdiction and responsibility in connection with international rivers, the works necessary to develop the Columbia-Kootenay power potential are works to the general advantage of Canada, and thus assume full responsibility and control over their construction and operation. The terms on which they might ultimately be turned over to the Province would then be entirely for us to determine.

I recognize that this is a far-reaching and startling proposal but in my view there is no doubt as to the constitutional authority for it.

The advantages are:

1. The Federal Government could claim credit as having taken the only step possible to ensure that the long-term interests of Canada are preserved and that the maximum power potential on the Columbia and Kootenay systems is preserved for Canada. It could also be established that this is a step made absolutely necessary by the readiness of British Columbia to part with the control of the Kootenay River waters in perpetuity.

2. This alternative will go a long way towards alleviating the present unemployment problem and will thus, to a great extent, neutralize the attacks that will be made on the Government by the CCF and organized labour.

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[142] Note marginale :/Marginal note:
No hope in Province! [J.G. Diefenbaker]

3. It will provide the party's supporters with an effective answer to those who criticize it for lack of policy and general inactivity.

4. It will be a bold and imaginative step which will probably attract widespread public support and approval. Can be presented as a phase of the National Policy.

5. It could not be objected to in any way by the CCF or its successor.

6. It would place the Liberal party in an embarrassing position. Although it is difficult to tell what stand the Liberals will take on the power question at the next election, there are indications that the provincial wing of the party is very much in favour of developing the Columbia River. More important, a vociferous and influential segment of the party, including most of the younger members who seem to have a dominating influence at the moment, are much inclined towards public ownership of hydro-electric power including the British Columbia Electric Company. In addition, the Liberals have as part of their record of Federal policy their 1955 intervention with the development of the lower Columbia by the Kaiser interests. They, in effect, place the Federal Government in a vetoing position which is only one step removed from Alternative "A." The Liberal party would probably have some difficulty in making forceful arguments against the advisability of the Federal Government entering the power business, assiduous as they are in seeking the support of the moderate left wing and organized labour; they might also be inhibited in their opposition to Alternative "A" on constitutional grounds because of their enactment of the International River Improvements Act in 1955.

7. At worst, Alternative "A" would have the qualified support of the Vancouver and Victoria press, and there is some reason for believing that the Federal Government might obtain almost unqualified support from the press.

8. The Federal Government would of course obtain all the credit for construction of the various projects.

9. The Socreds could not be heard to accuse the Federal Government of adopting a form of Socialism since the British Columbia Government has announced that it intends to develop the Columbia River through a public corporation.

Disadvantages

1. Could be represented by the Socreds, the Liberals and the press as a usurpation of provincial jurisdiction.

2. Could pose difficult constitutional problems.

3. Might give the Socreds an opportunity to delay construction through injunctions, etc., pending the disposition of the constitutional questions raised.

4. Could be represented by the Liberals, the CCF and the press as an example of failure of the Federal Government to obtain provincial co-operation. This disadvantage would not be too difficult to overcome in the light of the British Columbia Government's position in negotiation.

5. Would give the other provinces, particularly the Maritimes and Quebec, the opportunity to demand similar treatment, e.g., Chignecto Canal. It might be said however that the implementation of the National Policy and the solution of the unemployment problem may make other measures of this kind necessary anyhow.

6. Would incur some opposition from those directly affected in the Kootenay and Arrow Lakes District.

7. May give the Socreds the opportunity of claiming that this Federal action destroyed in perpetuity the possibility of developing land resources in the Kootenays — in my view this claim could be disproved, but it would be made.

ALTERNATIVE "B"

The refusal by the Federal Government to continue the current negotiations on the grounds that British Columbia will not agree to the best development scheme, and the federal government will not countenance giving away Canada's resources in perpetuity.

Advantages:

The opportunity presented to the Federal Government of saying that it will not countenance what is considers to be an inadequate plan for the development of the Columbia River system.

Disadvantages:

1. The likelihood of effective and very damaging attack by the CCF, the Liberals, the Socreds, the Vancouver and Victoria press, organized labour, on the Federal Government for its failure to achieve the development of one of Canada's greatest natural resources at a time when such development is essential to the British Columbia economy to cope with unemployment, to reduce the present high cost of lower mainland power, to attract secondary industry to British Columbia, to develop the Interior, etc.

2. Such a policy would open the way to development of the Peace River power and thus greatly strengthen the Socred position.

3. Will cause very serious disappointment and demoralization among the party's supporters.

4. Will certainly cause a significant portion of the uncommitted voting public to turn away from the Conservative Party.

5. Will entail much disapproval in the Interior of the Province, particularly in Kamloops, Revelstoke, the Okanagan and the Kootenays.

6. Will deny to the economy of British Columbia the downstream benefits of power producing potential in perpetuity.

7. Will be described as a total failure by the Federal Government in Dominion-Provincial relations.

ALTERNATIVE "C'

Joint Dominion-Provincial construction of storage and hydro projects at Mica Creek and at High Arrow, with agreement that U.S.A. may build Libby.

Advantages:

1. Avoidance of political dispute with the British Columbia Government.

2. Avoidance of the constitutional uncertainties attendant on unilateral action.

3. Avoidance of the possibility of the Federal Government being accused of usurping provincial jurisdiction.

4. Achievement of a positive measure designed, inter alia, to cope with the unemployment problem.

Disadvantages

1. The possibility of attack by the Official Opposition as an inadequate measure and as a "sell-out" to Socred and Wenner-Gren interests.

2. Attack by the Vancouver and Victoria newspapers as a sell-out to Socreds and Wenner-Gren and as a shirking of the Federal Government's responsibility for the full development of the Columbia River.

3. Dissatisfaction in the Arrow Lakes District. It might be worth noting that the officers of the Okanagan-Revelstoke Progressive Conservative Association have recently passed a resolution condemning the High Arrow project.

4. Loss in perpetuity of a considerable part of the downstream benefits and hydro-electric power which would accrue from the development of the whole Columbia and Kootenay system in Canada.

5. If the primary responsibility for construction of Mica and High Arrow is placed in the hands of the British Columbia Government, a great deal, if not most of the credit for these undertakings will go the British Columbia Government. If the quantum and nature of the Federal Government's contribution towards the cost of construction gave the British Columbia Government the opportunity of calling it inadequate by comparison for instance with the Saskatchewan River project, the Federal Government would get very little credit indeed.

6. If primary responsibility for construction is left in the hands of the British Columbia Government, the opportunity will possibly present itself to Mr. W.A.C. Bennett for the arrangement of a pooling system with the Peace River Power Development Co. Ltd. to the political advantage of the Socred party, to the financial advantage of Messrs. Wenner-Gren & Co., and to the embarrassment of the Conservatives.

7. Alternative "C" could not too easily be called a phase of the National Policy.

E.D. FULTON

345. PCO

Note du ministre des Affaires du Nord et des Ressources nationales pour le Cabinet

Memorandum from Minister of Northern Affairs and National Resources to Cabinet

CABINET DOCUMENT NO. 257-60 Ottawa, August 9, 1960

CONFIDENTIAL

COLUMBIA RIVER NEGOTIATIONS: POSSIBLE BASIS OF AGREEMENT WITH THE UNITED STATES

Negotiations on the Columbia River with the United States have now reached a point where it is likely that an agreement as to the basis of development can be concluded with one or at most two more meetings, if the Canadian and British Columbia Governments approve the arrangements that have now been worked out. It appears likely that British Columbia will approve them — and it is therefore essential that the position of the Canadian Government be determined.

1. *Handling of Negotiations*

The present series of negotiations were preceded by the joint reference by the Canadian and United States Governments to the International Joint Commission of January 29, 1959. The Commission were directed to report on *principles* to be applied in determining:

(a) the benefits which will result from the cooperative use of storage of waters and electrical interconnection and flood control; and

(b) the apportionment between the two countries of such benefits more particularly in regard to electrical generation and flood control.

After nearly a year of negotiations, the Commission arrived at agreed principles and reported on December 29, 1959.

Negotiations during the present year have been directed by the Cabinet Committee on the Columbia River; discussions with British Columbia have been handled through the Policy Liaison Committee; and the actual negotiations have been handled by a team chaired by the

Minister of Justice. There have been ten meetings with British Columbia and seven negotiating meetings with the United States (six formal and one informal). The discussions have therefore been carried forward at the maximum rate possible considering all the complications.

2. *Development of Possible Arrangements*

Canada began the negotiations on the basis of trying to secure the maximum development of the Columbia River system in Canada so as to produce at the lowest possible cost the largest possible amount of downstream benefits from the United States and also of at-site power in Canada. For this purpose, with the agreement of British Columbia, major storages in Canada were proposed at three locations: High Arrow-Duncan, Mica and Bull River-Dorr. This offer of major Canadian storages was the basis of discussion up to mid-March.

At an informal meeting in Ottawa on March 21 two possible lines of development were discussed at the suggestion of the United States; one based on the three Canadian storages but requiring a sale to the United States of 275,000 kilowatts of power per year for twenty years (to compensate for the loss of the trans-boundary storage at Libby), and the second a sequence of development that would include Libby. The United States made it clear that they were not prepared to agree on an arrangement comprising all three Canadian storages unless we would sell the block of power indicated at a low price.

At a meeting on March 30 in Ottawa, British Columbia indicated that they were not prepared to enter into an agreement that included all three Canadian storages and the sale of power to the United States, since this could only be provided by adding the Luxor storage to Bull River-Dorr, which would mean major flooding in the East Kootenay Valley. In view of this attitude, together with the U.S. requirement of a power sale as a condition for agreeing to the maximum Canadian development, negotiations had to turn to more limited sequences. It was, however, still possible to contemplate a storage on the East Kootenay comprising Bull River-Dorr, but not Bull River-Dorr-Luxor, that would preserve the possibility for some future date (after the end of the agreement) of a major storage and a major diversion of the Kootenay River in Canada.

Discussions with the United States accordingly turned to the alternative possibilities of having the Libby storage or the Bill River-Dorr storage, in addition to High Arrow-Duncan and Mica. From this discussion the United States on April 1 proposed an agreement that would give definite agreement to High Arrow-Duncan and Mica and give the United States a *five-year option* to decide whether they would build Libby or would require Canada to construct storage at Bull River-Dorr. The situation was reported to the Cabinet at this stage and on April 28 the Cabinet agreed:

(a) that we accept the elimination "of a pattern of development of the Columbia River designed to achieve the maximum development."

(b) that the Canadian team "be authorized, subject to the agreement of the Government of British Columbia, to negotiate with the United States for agreement on the most favourable version obtainable" of a pattern of development that would "permit the United States to reserve for a period of perhaps five years the right to construct Libby" (the option proposal). (There were other details in the decision that are not of immediate concern).

The next stage occurred when British Columbia made the option plan impossible. They made it clear on May 14 that they would not entertain the option proposal since this might end up with the United States requiring Canada to build the storage at Bull River-Dorr and they were not prepared to incur this possibility. The essential portion of the Minutes of the meeting of May 14 is as follows:

"British Columbia was not prepared to authorize such flooding in light of the economic losses to the region that would result in comparison to the compensation in the benefits that would accrue.

In the light of this, it was agreed that the negotiators be instructed to reject the option and to revert to consideration of Libby as third-added after High Arrow-Duncan and Mica..." (This "illustration" was subject to checking with the Canadian Government.)

On May 19 the Minister of Justice reported the situation to the Cabinet which was of the view that negotiations should not be continued "on the basis that the Bull River-Dorr storage on the River were precluded from consideration." Following that decision there were further discussions with the United States on May 23 - 24 and two additional meetings with British Columbia on June 15 - 16 and July 4. It became apparent from these that, as a result of the position taken by British Columbia, the Government of Canada *had to choose between an arrangement that would provide for Libby or no arrangement at all*. The matter was discussed with the Cabinet Committee and it was agreed that, in the circumstances, negotiations should proceed to see what was the best arrangement that could be achieved with Libby included. This was the basis for discussion at two further meetings with the United States on July 14 - 15 and July 23 - 24.

3. *Proposed Basis of Agreement*

At the end of the last meeting in Washington on July 24 it appeared that agreement could be reached on a plan that would involve the following terms:

(a) Canadian storages at High Arrow-Duncan and Mica to be "next added" and to be given a storage credit of 15.5 million acre-feet of water. (This involves a reduction from the theoretical maximum credit total of 20.2 million acre-feet. There would, however, be disadvantage in allocating a greater amount of storage for downstream benefits, since it would reduce the amounts that could be used for Canadian purposes to produce at-site power.)

(b) Storage at Libby to be cleared for development on an "outside the agreement" basis — that is, the United States to pay all costs in the United States and to keep all downstream benefits in the United States; Canada to keep all downstream benefits in Canada.

(c) Canada to pay the flowage costs for Libby in Canada — that is, the cost of acquiring the storage basin in Canada, compensating the present owners, etc.

(d) Canada to be entitled to divert up to 1.5 million acre-feet from the Kootenay into the Columbia but, in order to make Libby economic, to defer such diversion to 1980. (There is no problem about agreeing to defer diversion until at least 1980, since the diversion is only economic after full machining is installed on the lower Columbia in Canada.)

(e) The regulation of the Kootenay diversion in Canada and all Libby water in the United States to be so handled as to benefit downstream plants in the other country in so far as this was consistent with Canadian and United States requirements, respectively.

(f) The United States to provide a high-voltage line in the United States from Oliver to Blaine as a standby for east-west transmission of power in Canada. (This would eliminate the necessity of one high-voltage line in Canada and effect a capital saving of some $30 million.)

(g) Canada to pay a standby service charge for the above line in relation to the amount of downstream benefit power to be delivered from the United States to Canada at the rate of $1.50 per kilowatt year. This charge would be subject to elimination if and when a satisfactory exchange agreement on power is made. (This charge could be regarded either as a service charge for the standby facilities or as a transmission charge for downstream power delivered. According to technical advisers the arrangement is a highly satisfactory one from the Canadian point of view and results in substantial savings over an alternative arrangement under which

the power would be transmitted free but Canada would have to provide all of the east-west transmission.)

(h) After the term of the agreement (60 years from ratification) the legal position of Canada under the International Boundary Waters Treaty with regard to all rights of diversion would be as at present — (i.e. – no impairment).

(i) Canada to receive 50 per cent of flood control benefits for the storage at High Arrow-Duncan and Mica. This would be payable in lump sums as the storages were completed.

The arrangement described on the previous page appeared to be acceptable with the possible exception of one feature — the payment of flowage costs for Libby by Canada. It was indicated informally by the United States team that they *might* be prepared, as an alternative, to have United States pay the flowage costs of Libby if the flood control benefits to Duncan were dropped but with the flood control benefits to High Arrow being increased from 50 per cent to 65 per cent. (It has since been indicated that British Columbia may favour this proposal since they calculate that it would effect an advantage to Canada of $710,000 per annum. This is not certain as there may be objections to dropping the flood control benefits of Duncan. The arrangement may, also, not be acceptable to the United States since there was some difference of view on their side concerning it.)

4. *Benefits to Canada under Various Plans*

Table A sets forth in tabular form a comparison of the main facts concerning the three schemes of development that have been discussed.

(a) The *maximum development*, with sale of 275,000 kilowatts of power,

(b) High Arrow-Duncan, Mica, plus *Bull River-Dorr*,

(c) The arrangements with *Libby* as outlined above.

It will be noted that the main features of the present proposal are as follows:

Total power benefits to Canada – from downstream benefits and at Kootenay River sites	9.505 billion k.w.hrs. per year
Investment cost for Canada	$ 528,045,000
Net annual cost to Canada	$ 34,817,000
Cost of power in mills per kilowatt hour	3.66

It will be noted that this involves about 20 per cent less power than an alternative with Bull River-Dorr but at a cost $212,000,000 or 28 per cent lower. The annual cost would be over $14 million less per year.

The full comparison between the proposed agreement and the maximum agreement is not apparent from the table, since the table does not include increased power in Canada at later stages when at-site power is installed at Mica and when additional plants are put in downstream from it. At that stage benefits from the maximum development would go up sharply even with the additional cost of some $900 million. The benefits from the other two developments will also increase but not to the same extent.

5. *Should the Proposed Arrangement be Accepted?*

Assuming an international agreement was concluded under the terms of the present proposal, five valuable assets would have been secured to the future power development of British Columbia. These would be:

1. A return of downstream power benefits in kind from the operation of storage at High Arrow, Duncan and Mica.

2. Capital sums in payment of flood control benefits credited to the Canadian projects.

3. A substantial increase of potential power available at comparatively small cost to the sites on the West Kootenay River.

4. A storage and head dam at Mica, available for regulation for power purposes at Mica, Revelstoke, and Downie without significant conflict with its continued operation under an assumed plan of operation for downstream benefits in the United States.

5. After 1980 the undisputed right to divert up to 1.5 million acre-feet of water from the Kootenay to the Columbia River with consequent increase in power output at the Columbia River plants.

On the assumption that full advantage is taken eventually of all these assets, it is estimated that the ultimate development, including downstream power benefits returned to Canada, will produce 24.6 billion k.w.h. per annum at load centres. It is estimated that the additional capital cost of this power will be up to $925 million. The unit cost of the total power is estimated between 3.8 and 4.2 mills per kilowatt hour, depending mainly on the extent of savings which can be effected in transmission costs in Canada.

In addition to the above, there is the salient fact that, while the arrangement does not secure as great an amount of power for Canada as is theoretically possible under the maximum development or with Bull River-Dorr, it does constitute a very beneficial arrangement under which an extremely large amount of power is made available to supply the needs of British Columbia over a long period of time at a lower unit cost than any other purely Canadian development would provide. The arrangement does moreover achieve the Government's central objective of securing a cooperative and beneficial arrangement for development of the Columbia River.

If the arrangement is not accepted, it is now apparent that no agreement can be worked out that will be acceptable to both British Columbia and the United States. In short, the situation is: an agreement along these lines or no agreement at all. If there is no agreement at all the loss to Canada through failure to secure a co-operative development on the Columbia is very large indeed. The provincial government would also be in the position of being able to say that it had been right in doubting that any agreement would be possible and that the failure to achieve such an agreement made the development of the Peace River project an immediate necessity.

6. *Financial Assistance*

The Government agreed — and I so advised British Columbia on February 9th — that it would "be prepared to consider a proposal whereby it would participate to the extent of 1/2 the cost of providing the storage (including flowage costs) which would produce downstream benefits" under an agreement on the Columbia. It was indicated that a rate of interest on a loan for this would be the federal rate, plus 1/8%. British Columbia has not followed up to investigate this offer in detail. It is not at all clear whether they will wish to have federal participation since the proposed plan is entirely economic and it probably would be possible for it to be entirely financed through the British Columbia Power Commission. It is quite possible that the province might charge that the federal offer was totally inadequate; that it was much less than has been made available for Saskatchewan (and possibly for Manitoba) on projects in those provinces; and that, because of that inadequacy, it is going to finance the development itself. On the other hand, it is apparent that the Columbia project is quite different from the South Saskatchewan River project and Manitoba flood control project in that it can be self-liquidating.

7. *Recommendation*

I strongly recommend with the concurrence of the Minister of Justice as Chairman of the Canadian Negotiating Team that:

(a) the Cabinet authorize us to indicate to the Province of British Columbia and to the United States negotiators respectively that Canada is prepared to enter into an agreement for development of the Columbia River on the basis arrived at at the meeting of July 24th and that authorization be given to negotiate such variations as may remain; and

(b) the Cabinet review the basis of its financial offer to British Columbia.[143]

ALVIN HAMILTON

[PIÈCE JOINTE/ENCLOSURE]

Tableau A
Table A

[Ottawa], July 29, 1960

SUMMARY OF CANADIAN COSTS AND CANADIAN SHARE OF D/S BENEFITS IN THE U.S. AND BENEFITS ON THE KOOTENAY RIVER IN CANADA

Partial System Considered	Arrow-Duncan, Mica Storage and Bull River-Dorr constructed for later maximum diversion to the Columbia River with sale of 275 M.W. of power to U. S @2.0 mills/k.w.h	Arrow-Duncan Mica Storage, Bull River-Dorr (non-diversion structures) COMINCO extension B.R.-Dorr generation	Arrow-Duncan Mica storage COMINCO extensions Libby in U.S.*
Storage Credit	25.2 m.a.f.	25.2 m.a.f.	15.5 m.a.f.
D/S Power benefits to Canada (billions of k.w.h.)	6.369	7.998	6.859
Power benefits on the Kootenay in Canada (billions of k.w.h.)	0.167	3.995	2.646
Total Power Benefits (billions of k.w.h.)	6.536	11.993	9.505
Flood Control annual Benefits	$4,082,000	$4,082,000	$2,850,00
Investment cost in Canada	$581,117,000	$740,452,000	$528,045,000
Standby service charge for transmission by U.S.	$2,184,000	$2,460,000	$1,965,000
Annual payment for power by U.S. for req'd sale by Canada	$3,522,000		
Net annual cost to Canada	$33,396,000	$49,170,000	$34,817,000
Cost of power in mills/k.w.h.	5.11	4.10	3.66

* Canada pays for Libby flowage in Canada

[143] Le Cabinet a examiné cette note les 10 et 11 août 1960, et a consenti à ce que d'autres négociations n'aient pas lieu pendant la campagne précédant les élections provinciales du 12 septembre 1960 en Colombie-Britannique.
Cabinet considered this memorandum of August 10 and 11, 1960 and agreed that further negotiations would not take place during the campaign leading up to the September 12, 1960, provincial election in British Columbia.

346. H.C.G./Vol.2

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], September 30, 1960

COLUMBIA RIVER NEGOTIATIONS

At the conclusion of meetings on Wednesday all the negotiators signed an agreed Progress Report, the contents of which have not yet been released. In general the result is very satisfactory from the Canadian point of view. A copy of the Report is attached.[144] No distribution has yet been made but I understand that Mr. Fulton will probably send copies to members of the Cabinet Committee today.

As signed, the Progress Report provides for Canada to pay all flowage costs in British Columbia with respect to Libby. However, it was agreed that further consideration would be given immediately to a last minute indication that the United States would be prepared to reimburse British Columbia for Libby flowage costs up to a maximum of $8 million in return for a reduction in Duncan Lake flood control credits by one-half (i.e. by $125 thousand per annum). There was an intimation that flowage costs might not include compensation for Crown lands. British Columbia has been saying costs would be $12 million although the International Columbia River Engineering Board report said $7.9 million.

The inclination of Federal delegates was to absorb Libby flowage but Mr. Bassett was inclined to acceptance of United States proposal. Our understanding is that Mr. Williston wants to accept the United States proposal. The main apparent advantage of the offer is financial. If Libby flowage costs in Canada do not exceed $8 million there would be a reduction in Canadian financial outlay of up to $400 thousand per annum, i.e. more than the offsetting loss of $125 thousand per annum from Duncan Lake.

In the opinion of Mr. Ritchie and Mr. Cleveland the United States offer presents serious difficulties:

(a) It is inconsistent with grossing principle on which justification of entire scheme depends. Consequently all the old objections arise, e.g. sovereignty, *de facto* creation of proprietary rights, inquisition into British Columbia costs by Senate committees, etc. Charges for such major elements as resettlement of persons, relocation of road and rail, and construction of bridges might well be challenged, and credit demanded for such items as the value of the timber removed. Despite the fact that the United States stated it would accept a Canadian audit of accounts it may be expected that difficulties on the above points will almost inevitably arise;

(b) If the British Columbia earlier estimate is correct and flowage costs are substantially in excess of $8 million, it will be difficult to explain publicly (except as an error in calculation) why Canada has in the end paid a portion of Libby flowage costs. On the other hand, payment of the entire flowage costs can be justified on the basis of the *quid pro quo* at Duncan Lake and Cominco and as part of a grossing approach recommended by the International Joint Commission and so far not criticized by anyone;

[144] Voir le document suivant./See the next document.

(c) Mr. Bassett seems to think that actual flowage cost figures will not be revealed and in any event that the Engineering Board estimate can be used in public justification of acceptance of the $8 million maximum figure. Our view is that the United States negotiators will have to show Congress that they have made a good bargain, i.e. that the cost to Canada was always expected to exceed the amount paid by them. If the Dominion Government pays 50% of the flowage costs, Ottawa authorities will presumably have to join in justifying acceptance of the $8 million maximum even though ultimate costs may turn out to be higher.

(d) If Duncan Lake storage credit is cut in half the credit will not be restored even though flood protection continues to be provided after the initial sixty year period.[145] In the Progress Report recommendation is made that the United States continue certain small payments during that further period. The change in flood control credit might raise the question of whether Canada would now be justified in constructing Duncan Lake.

(e) The division of Duncan Lake flood control benefits would be 25/75, i.e. contrary to the basic general principle of 50/50 division. This could lead to the impression that the whole arrangement may be an *ad hoc* bargain and not based on principles;

(f) There is no assurance that the United States would pay the full $8 million. In fact, for reasons mentioned in (a), the amount might total much less. The amount would remain undetermined until completion of the reservoir;

(g) Although a specific arrangement was made to defer final decision on this point, a change now might suggest the possibility of making other "minor alterations" at the request of the United States Delegation if they have changed their minds after return to Washington.

In view of the foregoing you may wish to telephone Mr. Fulton to ascertain his views and indicate your preference. Our understanding is that Mr. Fulton is considering all aspects of the question and has not yet come to any firm view.

There is expected to be a Cabinet Committee discussion on the Progress Report at 3:30 p.m. on Monday, October 3.

N.A. R[OBERTSON]

347. PCO

Note du ministre de la Justice
et du ministre des Affaires du Nord et des Ressources nationales
pour le Cabinet

Memorandum from Minister of Justice
and Minister of Northern Affairs and National Resources
to Cabinet

CABINET DOCUMENT NO. 309-60 Ottawa, October 3, 1960
SECRET

COLUMBIA RIVER NEGOTIATIONS: PROPOSED BASIS
FOR A TREATY WITH THE UNITED STATES

On August 10, 1960 the Cabinet considered a memorandum that outlined the possible basis of agreement on the Columbia River with the United States. In further series of negotiations held on September 26 to 28, that proposed basis, with no change of substance, was embodied

[145] Note marginale :/Marginal note:
Also Americans would insist on 10 year option [Howard Green]

in a Progress Report by the negotiating teams to their respective governments. A copy of the Progress Report is attached.

The report is being placed before the British Columbia government and present indications are that it will be acceptable to them as the basis for negotiation of a treaty subject to one possible point. The United States negotiators expect that their government can be in a position to indicate definite approval within about ten days. The pressure for publication of the Report will be very strong in both Canada and the United States, and it can be expected that information concerning it will leak out at an early date if formal release is not made. Immediate decision by the Cabinet as to whether the Progress Report is acceptable to the government of Canada as the basis for further negotiation is therefore essential.

Essential Features of the Progress Report

The main features of the arrangement proposed in the Progress Report are the following:

(a) Canadian storages at High Arrow-Duncan and Mica to be "next added" and to be given a storage credit of 15.5 million acre-feet of water. Construction would begin at once, and the storages would begin operation in 5 and 9 years respectively. (Paras. 1 and 3)

(b) Canada would receive 50% of the increased power resulting in the United States ("downstream benefits") from the operation of the Canadian storages. This would include the increase from existing plants (where new machines would be added) and the increase at new plants. There *might* have to be a reduction of the 50% return to enable one of the new plants to be built, but this would be for later negotiation. (Paras. 5 - 9 and Annex "A")

(c) The United States to deliver Canadian power to the boundary at its expense and to provide a high-voltage line in the United States from Oliver to Blaine as a standby for east-west transmission of power in Canada. Canada would pay a standby service charge for the line in relation to the amount of downstream benefit power to be delivered from the United States to Canada at a rate of $1.50 per kilowatt per year. This charge would be subject to elimination if and when a satisfactory exchange agreement on power is made. (Paras. 12 and 13)

(d) Canada to receive 50% of flood control benefits for the storages at High Arrow-Duncan and Mica for the period from their start of operation to the end of the 60 year term. This would be payable in lump sums as the storages were completed. The sums would be calculated on the basis of the U.S. borrowing rate. For flood control after 60 years Canada would get the costs of operation plus the value of any alternative water uses foregone. (Para. 14 and Annex B)

(e) The United States to have an option, good for five years only, to construct a storage at Libby. If it exercised this option, Canada to pay the flowage costs in Canada — that is, the cost of acquiring the storage basin in Canada, compensating the present owners, etc. Libby would be on a special basis with no "return" of downstream benefits. The United States would pay all cost in the United States; Canada would keep all downstream benefits in Canada. (Para. 15)

(f) Canada to be entitled to divert up to 1.5 million acre-feet from the Kootenay into the Columbia but, in order to make Libby economic, to defer such diversion for 20 years if Libby is build. (Para. 16)

(g) The Treaty to run for 60 years definite, with 10 years' notice of termination. After the term of the agreement the legal position of Canada under the International Boundary Waters Treaty would be as at present unless that Treaty itself had been altered. (Paras. 19 and 20)

Benefits to Canada under the Proposed Agreement

(a) *Downstream Benefits in Power*

The estimated Canadian share of downstream power benefits in the United States delivered to load centres in B.C. at a 70% load factor is as follows:

Project	Firm Capacity KW.	Firm Energy Billions of KWH.
Arrow Lakes	684,000	4.196
Duncan Lake	118,000	0.727
Mica Storage	316,000	1.962
TOTAL	1,118,000 KW	6.885 Billion KWHRS

(b) *Flood Control Benefits*

The lump sums payable at the commencement of operation of the different storages are estimated to be:

Project	Capitalized benefits at 4⅛%
Arrow Lakes	$49,834,000
Duncan Lake	$10,647,000
Mica Storage	$ 4,627,000
TOTAL	$65,108,000 (U.S. dollars)

Costs to Canada

Investment costs to Canada of the proposed arrangement exclusive of Libby flowage cost (probably between $8 and $12 million) are estimated to be:

Project	At-Site Investment Costs	Transmission Investment Costs	Total Investment Costs
Arrow Lakes	$ 71,790,000	$ 81,417,000	$ 153,207,000
Duncan Lake	25,616,000	2,251,000	27,867,000
Mica Storage	247,193,000	30,155,000	277,348,000
TOTAL	$ 344,599,000	$ 113,823,000	$ 458,422,000

Note: The above costs do *not* include the costs that will arise at a later stage to secure full development of the river in Canada — for which there will be very substantial benefits. Nor do they include the extensions to COMINCO plants to make use of improved flows from Libby storage.

Summary of main features

The main features of the proposed arrangement, so far as Canada is concerned, can be summarized in the following table:

Storage Credit	15.5 m.a.f.	
D/S Power benefits to Canada (billions of k.w.h.)	6.885	
Power benefits on the Kootenay in Canada (billions of k.w.h.)	2.172	
Total Power Benefits	9.057	
Flood Control annual Benefits	$3,845,000	(Income from capital invested in 50 yr. annuities 5½%)
Investment cost in Canada	$529,890,000*	
Standby service charge for transmission by U.S.	$1,965,000	
Net annual cost to Canada	$ 34,184,000	
Cost of power in mills/k.w.h.	3.77	

* *Including* the cost of COMINCO extensions

Note *: U.S. and Canadian dollars assumed at par for calculations.*

When full development of the Columbia River in Canada takes place, the storage created at Mica, and the Kootenay diversion, will have very great benefits in British Columbia. It is not possible at this stage to know exactly what development will occur, or at what dates. However, on the basis of possible plans that have been worked out in the Water Resources Branch of the Department of Northern Affairs, it appears reasonable to estimate that the plan would ultimately produce *20.2 billion kwh.* of power *in Canada* plus *6.885 billion kwh.* of *downstream power* at an average cost at B.C. load centres of *3.97 mills per kw.*

The above estimates are conservative as they do *not* take into account the substantial benefits that will accrue when the Columbia power system in Canada is coordinated electrically with other power systems in British Columbia and in the United States. Interconnection with the latter, through dropping the standby service charge alone would reduce Canadian costs by about $2 million per year.

The proposed arrangement will undoubtedly produce very great advantages to both Canada and the United States. The agreement on a 50% return of downstream benefits is the direct result of the work of the Canadian Section of the International Joint Commission and is in itself an achievement of outstanding importance for Canada — both in substance and in principle. While the plan may not provide everything that Canada had hoped for, nor does it provide everything the United States sought to achieve. Without mutual advantage and concession it could not have been worked out. It is the result of exceedingly difficult and detailed negotiation and both the undersigned, on behalf of the Cabinet Committee on the Columbia, strongly recommend its acceptance (provided, of course, that British Columbia accepts it).

Further Stages:

Assuming that all the governments concerned accept the Progress Report as the basis for a Treaty, there are still a great many matters to be settled and completed, including the following:

(a) *With British Columbia*

1. Financial arrangements (federal participation).
2. The Canadian entity for operation.
3. Establishment of a board or other control body.

4. Principles to be applied with regard to repayment (in relation to financing), power sales, policy on power prices, handling of downstream benefits, etc.

5. Canadian representation at subsequent negotiations with the United States.

(b) *With the United States*

1. Negotiation and drafting of the Treaty. (If this is to be ready for the next sessions of Parliament and Congress it will have to be pressed forward.)

2. Agreement by the respective power entities and technical advisers on the "Armed Plan of Operation." (The essentials of this will be required for the Treaty.)

Recommendation:

The undersigned recommend that:

(a) The Report of the negotiating teams on the Columbia River be accepted (subject to acceptance by British Columbia) as the basis for negotiation of a Treaty with the United States;

(b) The Cabinet Committee on the Columbia, together with the Minister of Finance, be authorized to consider further the details of federal financial participation in the Columbia River development and, subject to Cabinet approval as required, to carry on further discussion with British Columbia on this matter;

(c) The Canada-British Columbia Policy Liaison Committee or the Minister of Finance, as appropriate, be authorized to work out further details of the arrangements required in Canada for negotiation and execution of the Columbia River project;

(d) The Cabinet Committee on the Columbia be authorized to make arrangements as required from time to time for further stages in the negotiations with the United States, including the establishment of technical and drafting work groups, and the completion of a draft treaty for submission to the Cabinet.

E.D. FULTON
Chairman,
Canadian Negotiating Team

ALVIN HAMILTON
Chairman, Cabinet Committee
on the Columbia

[PIÈCE JOINTE 1/ENCLOSURE 1]

Note

Memorandum

CONFIDENTIAL

REPORT TO THE GOVERNMENTS OF THE UNITED STATES AND CANADA

On January 25, 1960 the Governments of Canada and the United States announced the appointment of Delegations to represent their respective Governments in negotiations looking toward the formulation of an agreement covering cooperative development of the water resources of the Columbia River Basin for the mutual benefit of both countries. The undersigned, members of the Delegations, now submit this Progress Report to the two Governments.

The Delegations have held 7 formal meetings. A series of discussions between technical advisers has facilitated the work of the Delegations.

Throughout the discussions the Delegations have been greatly assisted by the work of the International Joint Commission culminating in its Report on "Principles for Determining and Apportioning Benefits from Cooperative Use of Storage of Waters and Electrical Interconnection within the Columbia River System" dated December 29, 1959.

The United States and Canadian Delegations report that agreement has been reached between them on the basic terms which in their opinion should be included in an agreement for the cooperative development of the water resources of the Columbia River Basin that will operate to the mutual advantage of both countries.

The Delegations have been conscious of the fact that in arriving at terms which will be acceptable to both countries in a development of such far-reaching significance, it was not possible for either of them to adopt a position that took no account of the interests and aims of the other. The recommendations contained in this Report accordingly represent, in a number of cases, accommodations which, in our opinion, have the result that, while there may be areas in which particular objectives on both sides have been modified, yet the interests of both countries will be advanced if these joint recommendations are accepted.

The Delegations recommend that the agreement should be in the form of a Treaty with appropriate Annexes. It is further recommended that the Governments accept and confirm that the drafting of such Treaty should proceed on the basis of the following proposals:

1.(1) Canada, at its expense, to provide and operate in Canada 15.5 million acre feet of storage usable for increasing hydroelectric power generation and improving flood control in the United States in accordance with the assured plan of operation referred to in paragraph 17.

(2) To provide this quantity of storage, dams to be constructed at or near Mica Creek on the Columbia River, the outlet of Arrow Lakes and the outlet of Duncan Lake, construction thereof to begin as soon as possible after the date of exchange of ratifications of the Treaty.

(3) The operation of 8.5 million acre feet of the storage referred to above to commence within five years from the date of exchange of ratifications of the Treaty and the operation of the balance of the storage within nine years of that date.

2. The Government of the United States, subject to constitutional and other limitations, to use its best endeavours to accomplish the development and operation of a hydroelectric system in the Columbia River Basin in the United States designed to make the most effective use of the improvement in stream-flow conditions brought about by the Canadian storage.

3. For the purpose of measuring the downstream benefits resulting in the United States from the operation of the Canadian storage, such storage to be considered as next added to the storage included in the United States base system set out in Annex A hereto.

4. During the term of the Treaty additional storage constructed by Canada to be operated so as not to reduce these benefits.

5. The power benefits resulting downstream in the United States from the operation of the Canadian storage to be measured by determining the increase in dependable hydroelectric capacity in kilowatts and the increase in average annual usable hydroelectric capacity in kilowatts and the increase in average annual usable hydroelectric energy output in kilowatt hours, on the basis of an agreed upon period of stream-flow record, at the base system plants (including any generating capacity that is added to such plants) and at any additional plants which may be constructed on the main stem of the Columbia River in the United States. The principles and procedures to be followed in making such determination and measurement to be those set forth in Annex A.

6. The initial determination of power benefits provided for in Annex A to be based upon the stream flows for the twenty year period beginning with the 1928-29 water year as reported in

"Modified Flows at Selected Power Sites — Columbia River Basin," June 1957, by the Columbia Basin Inter-Agency Committee Water Management Sub-Committee.

7. Subject to paragraph 9, Canada to receive from the United States one-half of the power benefits referred to in paragraph 5.

8. The sharing of benefits provided for in paragraph 7, with respect to each storage provided by Canada, to begin immediately upon commencement of operation of that storage under the assured plan of operation referred to in paragraph 17.

9. (1) If it be determined by the United States with respect to any project to be located between Priest Rapids and McNary dams that the sharing of benefits in accordance with paragraph 7 would produce a result which would not justify the United States in incurring the costs of construction and operation, the two Governments, at the request of the United States, to consider the possibility of a change in apportionment of benefits resulting at that project from the operation of Canadian storage.

(2) If any change in apportionment is agreed upon, such change to be put into effect through an exchange of notes between the United States and Canada.

10. The improvement in stream-flows brought about under the provisions of the Treaty not to be used by any person or entity in either country for hydroelectric power purposes except

(a) in the United States, with the approval of that Government's operating entity designated under the provisions of paragraph 18,

(b) in Canada, with the approval of whatever authority has or may be given jurisdiction in that regard by law in Canada,

the approval in either case to be under such conditions as each shall determine to be consistent with the Treaty.

11. By agreement of the operating entities referred to in paragraph 18, subject to the authorization of the United States and Canada:

(a) capacity benefits may be exchanged for energy benefits, and

(b) portions of the power benefits to which Canada is entitled under the Treaty may be disposed of within the United States.

12. The United States, at its expense, to provide to Canada at a point on the Canada-United States boundary near Oliver, British Columbia, in accordance with the schedules of delivery made as contemplated by paragraph 18, the entitlement of Canada described in paragraph 7, less transmission loss.

13.(1) The United States, at its expense, to make available the Bonneville Power Administration's transmission grid to provide Canada with east-west standby transmission service to safeguard the transmission of Canada's share of power benefits from Oliver, British Columbia, to Vancouver, British Columbia, and to permit Canada to make use of such facilities for system stability.

(2) Subject to sub-paragraph (3) Canada to pay the United States in consideration of the service made available by the United States pursuant to sub-paragraph (1) a standby charge of 1.50 United States dollars per annum for each kilowatt of dependable capacity of Canada's entitlement described in paragraph 7.

(3) In the event that an electrical interconnection and coordination arrangement is made in accordance with paragraph 18, the obligation of Canada to make the payment referred to above to cease when such arrangement becomes operative.

14.(1) The United States to pay to Canada upon the commencement of operation, under the assured plan of operation, of each storage provided by Canada pursuant to paragraph 1 an amount equal to one-half the flood control benefit attributed to that storage, calculated in

accordance with Annex B, capitalized at the interest rate described in sub-paragraph (2) over a period equal to sixty years less the time elapsed between the date of exchange of ratifications of the Treaty and the date of commencement of such operation.

(2) For the purpose of sub-paragraph (1) the interest rate shall be determined by calculating the average yield to maturity on the basis of daily closing market bid quotations during the month immediately preceding the date of exchange of ratifications of the Treaty, on all interest bearing marketable public debt obligations of the United States bearing a maturity date of fifteen or more years from the first day of the said month, and by adjusting such average annual yield to the nearest one-eighth of one per cent.

(3) After the expiration of the sixty year period referred to in paragraph 19, to the extent that the flows of the Columbia River in Canada continue to contribute to potential flood hazards in the United States, Canada to continue to provide flood control if requested by the United States for the useful life of the structures. The United States to pay to Canada the operating costs to Canada occasioned by such provision plus the economic loss to Canada directly attributable to the foregoing by Canada of the alternative uses to which the storage involved might otherwise have been put; provided Canada to have the option to require such payment, in so far as loss of power is concerned, either in cash or in kind.

15.(1) The United States, for five years from the date of exchange of ratifications of the Treaty, to have the option to commence construction, at its expense, of a dam on the Kootenay River at or near Libby, Montana, to meet flood control and other purposes of the United States, the storage reservoir of which dam would not raise the level of the Kootenay River at the boundary between Canada and the United States above an elevation consistent with a normal full pool at an elevation at the dam of 2459 feet United States Coast and Geodetic Survey datum.

(2) Canada and the United States each to retain all at-site and downstream power and flood control benefits which occur in their respective countries and which are attributable to the project which may be constructed pursuant to sub-paragraph (1).

(3) In consideration of the retention of all benefits which may accrue to Canada as referred to in sub-paragraph (2) if the United States exercises its option, Canada, at its expense, to make available and prepare the area in Canada to be flooded by such dam. (The wording of this sub-paragraph is still subject at present (Oct. 4) to definite agreement by the United States, but it is not expected to be altered.)

(4) All obligations of Canada under this paragraph to cease if within five years from the date of exchange of ratifications of the Treaty the United States has not commenced construction of the dam herein mentioned.

16.(1) Subject to sub-paragraph (2), Canada and the United States to refrain during the term of the Treaty from

(a) diverting from the Columbia River Basin any of the flow of the Columbia River above the point at which it crosses the boundary between Canada and the United States;

(b) diverting from the Columbia River Basin any of the flow of any tributary which has its confluence with the Columbia River in Canada; and

(c) diverting water from any drainage basin within the Columbia River Basin intersected by the boundary between Canada and the United States to any other drainage basin.

(2) Canada to have the right at any time after the expiration of twenty years from the date of exchange of ratifications of the Treaty to divert not more than 1.5 million acre feet of water per annum from the Kootenay River in the vicinity of Canal Flats to the headwaters of the Columbia River.

(3) The diversion described in sub-paragraph (2) not to:

(a) diminish the downstream benefits in the United States resulting from the operation of the Canadian storage described in paragraph 1, or

(b) reduce the flow of the Kootenay River immediately downstream from the point of diversion to less than 200 cubic feet per second or the natural flow, whichever is the lesser, to be calculated from measurements taken at the nearest suitable stream-gaging station.

17. An assured plan of operation to be included in an annex to the Treaty setting out the criteria and principles governing the accumulation, release and general operation of the Canadian storages referred to in paragraph 1.

18.(1) The United States and Canada each to designate an operating entity or entities which would be authorized, subject to exchange of inter-governmental notes where appropriate, to develop and carry out detailed operating arrangements to implement the terms of the treaty and of the assured plan of operation.

(2) The authority and responsibility of the operating entities to include:

(a) the assembling of agreed data;

(b) the negotiation and conclusion of an electrical interconnection and coordination arrangement if and when it appears mutually desirable;

(c) the detailed calculation, initially and at agreed intervals, of the amount and kind of the downstream power benefits in the United States to be shared with Canada in accordance with the principles and procedures set out in paragraph 5 and Annex A;

(d) the making of appropriate arrangements with respect to delivery of the power benefits to be made available to Canada, including such matters as load factor and times and points of delivery;

(e) the periodic settlement of accounts;

(f) consultation on the operations of the Libby Project and the Kootenay Diversion as described in paragraphs 15 and 16;

(g) such other matters as are considered necessary to enable them to discharge their responsibilities under the Treaty and any matters which the United States and Canada may from time to time commit to them.

19. The Treaty to enter into force on the date of exchange of ratifications and to continue in force for a period of not less than sixty years from said date. At any time after the Treaty has been in force for fifty years, either party to have the right to terminate it upon ten years written notice to the other party. In the event no such notice is given, the Treaty to continue in force automatically.

20. The Treaty to provide for the international legal situation which would arise upon termination or expiration of the Treaty. Such provision to include a term to the effect that nothing in this Treaty and nothing done there under pursuant to this Treaty shall operate after its termination or expiration, to abrogate or modify any of the provisions of the Boundary Waters Treaty of 1909.

Certain other provisions would of course be included in the Treaty, e.g. provision for the settlement of disputes. However, we consider that the points of major importance are adequately covered by the foregoing proposals.

Signed at Ottawa this 28th day of September, 1960.

E.F. Bennett,
Chairman,
United States Delegation

I.B. White,
Member,
United States Delegation

E.C. Itschner,
Member,
United States Delegation

E.D. Fulton, M.P., P.C., Q.C.,
Chairman,
Canadian Delegation

R.G. Robertson
Member,
Canadian Delegation

E.W. Bassett,
Member,
Canadian Delegation

A.E. Ritchie,
Member,
Canadian Delegation

[PIÈCE JOINTE 2/ENCLOSURE 2]

Annexe A

Annex A

CONFIDENTIAL

DETERMINATION OF POWER BENEFITS
ATTRIBUTABLE TO CANADIAN STORAGE

The amount of power benefits determined to result in the United States from regulation of flow by storage provided by Canada under the Treaty will be expressed as the increase in dependable hydroelectric capacity in kilowatts under agreed upon critical stream-flow conditions, and the increase in average annual usable hydroelectric energy output in kilowatt-hours on the basis of an agreed upon period of stream-flow record. The Capacity to be credited to the effects of Canadian storage will be the difference between the average rates of generation in kilowatts during the appropriate critical stream-flow periods for the United States base system of projects (a) before and (b) after the addition of the Canadian storage, divided by the estimated average critical period load factor for the period under consideration. This capacity credit shall not exceed the difference between the capability of the base system without Canadian storage and the maximum feasible capability of the base system to supply firm load during the critical stream-flow period. In the case of the average annual usable energy measurement, the operating entities will agree upon the quantity of energy which is to be regarded as marketable, (a) with, and (b) without Canadian storage. The difference in the respective quantities thus agreed shall be the increase in average annual usable energy.

An initial determination of the estimated power benefits to the United States from Canadian storage added to a United States base system consisting of the projects listed in the attached table will be made before the first Canadian storage becomes operative. This determination will include year-by-year estimates of the power benefits during the period of construction until the 15.5 million acre feet of Canadian storage becomes operative.

Subsequent determinations of estimated power benefits will be made at intervals of 5 years or more often as agreed, commencing from the date on which the full 15.5 million acre feet of Canadian storage becomes operative. Each determination will be for the ensuing five years of operation. A detailed plan of operation implementing the assured plan of operation, and the critical period and period of stream-flow record will be agreed at each determination. No retroactive adjustment in power benefits will be made at any time during the period of the Treaty. No reduction in the benefits credited to Canadian storage will be made as a result of a lower load estimate in the United States for the subsequent period than for the current period.

In computing the increase in dependable capacity and the increase in average annual usable energy, the procedure shall be in accordance with the three steps described below.

Step 1

In any determination of power benefits, the system for the period covered by the estimate will consist of the Canadian storage and the United States base system plus new hydro and thermal projects expected to be in operation at the mid-point of the period of estimate. The maximum capability of this combined system to supply the estimated firm load including Canada's share of the downstream benefits will be determined on the basis that the system will be operated in accordance with established operating procedures.

Step 2

A similar determination of firm load carrying capability will be made using the same thermal component as in Step 1 but with the hydraulic resources reduced by any United States head plants on tributaries of the Columbia River added subsequently to the Canadian storage and also by any United States storage added subsequently to the Canadian storage.

Step 3

A similar determination of firm load carrying capability will be made using the same thermal component as in Step 1 but with the hydraulic resources reduced by any United States head plants on tributaries of the Columbia River added subsequently to Canadian storage, and by any United States storage added subsequently to the Canadian storage and by the Canadian storage. The difference between the system load-carrying capability determined by Step 3 and that determined in Step 2 will be the benefit credited to the Canadian storage.

[PIÈCE JOINTE 3/ENCLOSURE 3]

Pièce jointe à l'annexe A
Attachment to Annex A

CONFIDENTIAL

BASE SYSTEM HYDRO PROJECTS

Project	Stream	Stream Mile above mouth	Usable Storage Acre-feet	Normal Elevation Pool Feet	Normal Elevation Tailwater Feet	Gross Head Foot	Initial Installation No. of Units	Initial Installation Plant Kilowatts	Estimated Ultimate Installation No. of Units	Estimated Ultimate Installation Plant Kilowatts
Hungry Horse	S.FK. Flathead	5	2,982,000	3560	3083	477	4	285,000	4	285,000
Kerr	Flathead	73	1,219,000	2893	2706	187	3	168,000	3	168,000
Thompson Falls	Clark Fork	195	Pondage	2396	2336	60	6	30,000	10	150,000
Noxon Rapids	Clark Fork	170	Pondage	2331	2179	152	4	336,000	5	420,000
Cabinet Gorge	Clark Fork	150	Pondage	2175	2078	97	4	200,000	6	300,000
Albini Falls	Pond Oreille	90	1,155,000	2062	2034	28	3	42,600	3	42,600
Box Canyon	Pond Oreille	34	Pondage	2031	1989	42	4	60,000	4	60,000
Grand Coulee	Columbia	597	5,072,000	1288	947	341	18	1,944,000	34	3,672,000
Chief Joseph	Columbia	546	Pondage	946	775	171	16	1,024,000	27	1,728,000
Wells [1]	Columbia	516	Pondage	775	707	68	6	400,000	10	666,700
Rocky Reach	Columbia	474	Pondage	707	614	93	7	711,550	11	1,118,150
Rock Island	Columbia	453	Pondage	606	570	36	10	212,100	12	265,700
Wanapum	Columbia	415	Pondage	570	490	80	10	831,250	16	1,330,000
Priest Rapids	Columbia	397	Pondage	490	406	84	10	788,500	16	1,261,600
Brownlee	Snake	285	984,500	2077	1805	272	4	360,400	6	540,600
Oxbow	Snake	273	Pondage	1805	1683	122	4	190,000	5	237,500
Ice Harbor	Snake	10	Pondage	440	340	100	3	270,000	6	540,000
McNary	Columbia	292	Pondage	340	265	75	14	980,000	20	1,400,000
John Day	Columbia	216	Pondage	265	161	104	8	1,080,000	23	3,105,000
The Dalles	Columbia	192	Pondage	160	74	86	16.[2]	1,119,000	24	1,743,000
Bonneville	Columbia	145	Pondage	74	15	59	10	518,400	16	890,400
Kootenay Lake	Kootenay	15	673,000	1745	–	–	–	–	–	–
Chelan	Chelan	0	676,000	1100	691	409	2	48,000	2	54,000
Coeur d'Alene	L. Coeur d'Alene	102	225,000	2128	–	–	–	–	–	–
TOTAL 24 PROJECTS			12,986,500			3143	166	11,598,800	263	19,978,250

[1] The Wells project is not presently under construction. However, when this project or any other project on the Columbia River main stem is completed, they will become integral components of the base system.

[2] Includes two 13,500 kilowatt units for fish attraction water.

[PIÈCE JOINTE 4/ENCLOSURE 4]

Annexe B

Annex B

CONFIDENTIAL

DETERMINATION OF FLOOD CONTROL BENEFITS
ATTRIBUTABLE TO CANADIAN STORAGE

The basic analysis of flood control requirements and benefits for the Columbia River Basin in the United States is contained in the report of the Division Engineer, United States Army,

Engineer Division, North Pacific, dated June 20, 1958, entitled "Water Resources Development of the Columbia River Basin."

The requirements for flood control storage will be determined for both the Kootenay River and the Columbia River in Canada. The distribution of total basin requirements will conform to the average ratio of the contribution of each tributary during the floods of 1894, 1948 and 1956 for the control period at The Dalles, Oregon, to the total runoff at The Dalles for the same period. The total amount of Canadian storage credited with flood control benefits will be determined by the requirements for controlling a flood equivalent to the 1894 flood up to an amount 22 per cent greater than the distribution of total storage requirements to each tributary.

The Canadian storage so determined will be evaluated as to its effectiveness to control a flood equivalent to the 1894 flood to 800,000 cubic feet per second (cfs) and 600,000 cfs respectively at The Dalles. This will be done by multiplying the Canadian storage in acre feet used for this purpose under an assured plan of operation for flood control by an "effectiveness factor" which is determined for each Canadian storage project by flood routing studies which have been agreed upon. The resultant figures will be the effective storages in acre feet and will be evaluated for benefits at United States $1.38 per acre foot, per annum for control to 800,000 cfs at The Dalles. Additional effective storage credited for control down to 600,000 cfs will be evaluated at United States $0.144 per acre foot.

348. H.C.G./Vol. 2

Le sous-secrétaire d'État adjoint des Affaires extérieures au ministre de la Justice

Assistant Under-Secretary of State for External Affairs to Minister of Justice

CONFIDENTIAL Ottawa, October 12, 1960

Dear Mr. Fulton,

COLUMBIA RIVER PROGRESS REPORT

Following our conversation this morning, I telephoned back to Ivan White in Washington and informed him on the situation here. I indicated for his confidential information that the British Columbia authorities had accepted the recommendations in the Progress Report. I informed him that the Federal Cabinet Committee had already discussed the Report and that Cabinet itself would be considering it further before the end of this week. I pointed out that final confirmation of Canadian views on the recommendations could only be secured after the Prime Minister's return to Ottawa early next week.

White appreciated the efforts which were being made on the Canadian side to complete consideration of the Progress Report. He indicated that on the United States side the President had now given his formal approval to the recommendations and was *extremely* anxious to be able to make an announcement of agreement in principle between the two Governments when he is in Denver next Wednesday, October 19. The President would, of course, be able to make such an announcement only if we had by then agreed to the Report and were in a position to make a similar announcement in Canada. White realized that the proposed timetable was very tight but he hoped that it would be possible to meet it, especially in view of the great political importance which the President attaches to an announcement during his brief western visit.

White observed that the proposed timetable might be even tighter than the above dates suggested since, in advance of the public announcement, the United States authorities would

wish to inform the directly interested senators and to advise the non-federal project people concerned. There is always the danger of a leak but White thought the senators could be persuaded to refrain from saying anything until the President gives out his announcement. White and Elmer Bennett would hope to be able to inform the interested senators on October 18 and to advise the non-federal representatives in Seattle or Portland on the 19th, a few hours before the proposed presidential announcement.

The United States negotiators are already drafting the announcement which the President might make and they will endeavour to let us have a text within the next few days.

When I asked White how they expected to have agreed figures for inclusion in any draft statement by the date indicated, he replied that, apart from figures in the Progress Report itself, they were planning to refer merely to the global amount of prime power which would be produced by the various projects, including Libby. They would not attempt to break down this total amount by individual projects. I expressed the opinion that we would want to have at least a figure for the amount of power which would be returned to Canada as our share of benefits from the Canadian storages and a figure for the value of flood control benefits payable to us. White saw some difficulty in producing exact figures, especially if they were intended to run beyond the initial period.

White noted that the processing of data on the West Coast had been delayed because the US engineers had been kept in Washington to assist in clearing the recommendations with the White House and with the various departments concerned. He did not think the engineers could meet in Portland for at least another week. He indicated, however, that he would ask one of their senior engineers to telephone Patterson or Purcell in order to explore the possibility of agreeing on the essential figures by phone.

I told White that I would report to you and would particularly stress the urgency which the President attaches to an announcement on the 19th. I thought it would be extremely difficult to hold to this timetable but I knew that you would be anxious to do whatever could be done to be accommodating.

In the meantime Mr. Cook (in consultation with Mr. Purcell) is preparing drafts of some notes that might be used at the time of any announcement on the Canadian side. These will be submitted to you before the week end.[146]

Yours sincerely,

A.E. RITCHIE

349. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], October 13, 1960

Present

The Secretary of State for External Affairs and Acting Prime Minister (Mr. Green) in the Chair,
The Minister of Finance (Mr. Fleming),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),

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[146] La note suivante était jointe à ce message :/The following note was attached to this message:
This is relevant to the first item on Cab. agenda. I understand Mr Fulton is advising the PM to agree to the President's request — and will not attempt to bargain with him using the aircraft deal as a lever.
R.C[ampbell]

The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny),
The Secretary of State (Mr. Dorion),
The Minister of Northern Affairs and National Resources (Mr. Dinsdale),
The Minister without Portfolio (Mr. Halpenny).

The Assistant Secretaries the Cabinet (Mr. Fournier), (Dr. Hodgson).

. . .

COLUMBIA RIVER NEGOTIATIONS; PROPOSED BASIS FOR A TREATY WITH THE UNITED STATES

(Previous reference October 11)

5. *Mr. Fulton, as Head of the Canadian Negotiating Team* on the Columbia River, said that the two teams of negotiators had submitted a unanimous report, and that he had transmitted it to the Prime Minister. He had been advised verbally by Mr. Williston that the government of the Province of British Columbia had approved the report. Although he had no reason to doubt this assurance, Mr. Fulton had subsequently sent an original copy of the report to Mr. Williston and had recorded the fact of approval by B.C. in his covering letter. The Cabinet Committee on Columbia River Problems had also reviewed the report and had recommended that it be approved as the basis for a treaty with the United States.

Mr. Fulton said that President Eisenhower had already given his formal approval, and that the President was urging strongly that a public announcement be made on October 19th when he would be speaking in Denver. The proposal was that similar statements be released simultaneously by the two national governments, stating that the progress report of the negotiators had been accepted by both as the basis for a treaty. At the same time the report itself would be released and agreed figures would be cited on total power to be generated and on power benefits and flood control benefits to each country. The technical officials were preparing figures for this purpose. After this release had been given, each government would act independently in meeting any criticisms, because to some extent the grounds for public criticism on the two sides of the border would naturally be the opposite to each other. The U.S. delegation had been patient during the long delay in negotiations just before the B.C. election, and Mr. Fulton said that every effort should be made at this time to comply with the President's request.

The Canadian storages would be built at High Arrow-Duncan and Mica, and would receive full credit as "next added." Each country would receive 50 per cent of the downstream benefits in power and for flood control. The Treaty would run for 60 years, with 10 years' notice of termination.

An explanatory memorandum had been circulated; (joint memorandum, Chairman, Canadian Negotiating Team, and Chairman, Cabinet Committee on Columbia River Problems, Oct. 3 — Cab. Doc. 309/60).

6. *Mr. Alvin Hamilton, as Chairman of the Cabinet Committee on Columbia River Problems*, said that the terms of the proposed agreement would be very favourable to Canada. The

projects together would achieve development of 87 per cent of the theoretical maximum of downstream benefits, and no better deal had been politically possible because of conditions imposed by the province as owner of the resource. The loss of 13 per cent in theoretical benefits was offset by a reduction of $200 million in the capital cost in Canada.

The great advantage of the proposed arrangement was that Canada would obtain a vast amount of power at low unit cost, plus a large infusion of power in the form of downstream benefits. The cost of the power would be 3.77 mills per K.W.H. in the early stages and 3.97 mills when development was complete, or about 2 mills per K.W.H. less than the present rate in B.C.

The agreement would fully protect the national interest. The computation of benefits on a gross rather than on a net basis, the fixing of Canada's storage undertaking to the U.S. at 15.5 million acre-feet, the adoption of the low U.S. interest rate of 4⅛ per cent for computation of present value of flood control benefits, the payment by the U.S. for flood control, were all important elements. It had been politically impossible to obtain the agreement of B.C. to the full diversion of the Kootenay, but by accepting the Libby project on an "outside the agreement" basis, Canada would retain all benefits accruing in this country and would pay only the flowage costs. If the U.S. should not exercise their option within five years to begin construction at Libby, Canada would have the right to divert up to 1.5 million acre-feet from the Kootenay into the Columbia.

7. *During the discussion* the following points were raised:

(a) Although the arrangement was very favourable to Canada, some public criticism should be expected. The government would be attacked for having agreed to less than the maximum development of the River, for having "sold out" to the U.S. and violated the national development policy by agreeing to the construction of Libby, for the flooding of the Arrow Lakes area, and for almost any financial arrangement that might be made with B.C. In the U.S. the public criticism would be on the various points that were favourable to Canada, and this would help to win public acceptance in Canada. The U.S. proponents of private power would doubtless oppose the arrangement because the development in that country would be under the control of the Bonneville Power Administration and the U.S. Corps of Engineers.

(b) A memorandum should be prepared for the use of ministers, stating concisely the main features of the proposed agreement and indicating the pros and cons of the principal controversial points.

(c) The U.S. negotiators had stipulated that they were unable to recommend any agreement that did not protect the State of Montana from floods on the Kootenay. Flood control could be achieved only by the Bull River-Dorr-Luxor diversion of the Kootenay or by the construction of Libby. The province of B.C. had vetoed the full Kootenay diversion because of the loss of agricultural land and because the flooding would create a north-south barrier in the southern part of the province. Perhaps these disadvantages had been overstressed by the province, but their views could not be ignored because they owned the resource. The result was that Libby had become a necessary element of the development plan, and Canada was fortunate to have it "outside the agreement." The province should bear any blame for the fact that the agreement would not achieve full development of the resource. The Libby project would be popular in the Kootenay area because less flooding would be involved on the Canadian side. Libby also gave Canada about 300,000 K.W. of extra power without cost apart from the flowage costs.

(d) The Chairman of the Canadian Section of the International Joint Commission had frequently expressed publicly his opposition to the Libby project. General McNaughton had agreed that in the circumstances the agreement was the best obtainable. If possible he should be given an opportunity to declare this opinion publicly, so that his earlier statements would not be used by others to attack the agreement.

(e) If Canada had proceeded unilaterally with the development of the Columbia River, the U.S. would have received 14 billion K.W. of power as a gift, without any obligation to return any benefits to Canada.

(f) The proposed agreement represented a major achievement on the part of the government. The problem had been referred to the I.J.C. in 1944 but no tangible progress had been made before 1958. Agreement by both sections of the I.J.C. to the general principles for development had constituted a major victory. The negotiating team, including the small group of Canadian technical officials, was particularly to be commended for its work.

(g) A draft letter on the financial aspects of the agreement had been prepared by the Minister of Finance, and copies would be sent to the members of the Cabinet Committee.

8. *The Cabinet*

(a) agreed, subject to the approval of the Prime Minister on his return,

(i) that the Report of the negotiating teams on the Columbia River be accepted (subject to acceptance by British Columbia) as the basis for negotiation of a Treaty with the United States;

(ii) that the Cabinet Committee on the Columbia, together with the Minister of Finance, be authorized to consider further the details of federal financial participation in the Columbia River development and, subject to Cabinet approval as required, to carry on further discussion with British Columbia on this matter;

(iii) that the Canada-British Columbia Policy Liaison Committee or the Minister of Finance, as appropriate, be authorized to work out further details of the arrangements required in Canada for negotiation and execution of the Columbia River project; and,

(iv) that the Cabinet Committee on the Columbia be authorized to make arrangements as required from time to time for further stages in the negotiations with the United States, including the establishment of technical and drafting work groups, and the completion of a draft treaty for submission to the Cabinet; and,

(b) agreed that a memorandum should be prepared by the Canadian negotiating team for the use of ministers, summarizing the main features of the proposed agreement and indicating the pros and cons of the principal controversial points.

(After the discussion, copies of the explanatory memorandum were returned to the A/Secretary.)

350. J.G.D./VI/552/Columbia Conf.

Le ministre des Finances
au premier ministre

Minister of Finance
to Prime Minister

PERSONAL AND CONFIDENTIAL Ottawa, October 27, 1960

My dear Prime Minister:

I am informed that Premier Bennett yesterday morning stated in effect to the press that the present Government had made no attempt to discuss with him the subject of financing the Columbia River development. In meeting the press yesterday at noon, I pointed out that this subject had been discussed at the Federal-British Columbia Conferences, as recorded in the minutes, and had also been the subject of correspondence between us.

Yesterday afternoon I approached Premier Bennett indicating my interest in discussing the subject with him. He stated at first that he desired answers to two questions and I proceeded to write them down in his view as he dictated them. Actually the number expanded to five by the time he completed dictating them.

I have today received a letter from him correctly repeating the substance of the questions he put to me. I enclose herewith a copy thereof.

I have forwarded copies of Premier Bennett's letter to our colleagues, Mr. Green, Mr. Fulton and Mr. Alvin Hamilton, and have requested the assistance of their suggestions as to the reply which should be made to this letter.

Yours sincerely,
DONALD M. FLEMING

[PIÈCE JOINTE/ENCLOSURE]

Le premier ministre de la Colombie-Britannique
au ministre des Finances

Premier of British Columbia
to Minister of Finance

Ottawa, October 27, 1960

Dear Mr. Fleming:

I was very glad of the opportunity to have a short conversation with you Wednesday regarding the financing of the Columbia River Power Development. In that connection, it is my understanding that you will supply, as soon as possible, information on the following points:

(1) The maximum amount the Federal Government would be prepared to lend the B.C. Power Commission, the Agency which will carry out the development;

(2) Whether you would require the unconditional guarantee of the Government of British Columbia in connection with this loan;

(3) The interest rate you would charge based on today's market;

(4) The term of any such loan. (You will recall that I suggested a term of 40 years, this being the period of amortization of B.C. Power Commission expenditures);

(5) The amount of the outright grant to be made by the Federal Government, having in mind grants made to similar projects elsewhere in Canada, i.e., the South Saskatchewan Dam.

Yours faithfully,
W.A.C. BENNETT

351. DEA/5724-2-40

Note du chef de la Direction de l'Amérique pour le ministre de la Justice

Memorandum from Head, American Division, to Minister of Justice

SECRET [Ottawa], November 8, 1960

COLUMBIA BASIN DRAFT TREATY

On Friday, November 4, 1960 the Dominion Drafting Committee met with the British Columbia group composed of Messrs. E.W. Bassett, Gilbert Kennedy, Gordon Kidd and A.W. Lash.

For the occasion a preliminary draft of Treaty articles based on the Progress Report had been prepared by Mr. Kingstone. In general the form and content of these articles were acceptable to the British Columbia group. A good deal of genuine discussion took place concerning style and precision in the drafting but this did not take place on a Dominion versus Provincial basis.

Throughout the day however the British Columbia participants revealed a consistently suspicious attitude toward the intentions of the Dominion Government. Although the Chairman stated specifically at the beginning of the meeting that participants were to express views as individuals — even as informed individuals — but not as representatives of government views, the British Columbia participants found it very difficult to maintain an austere objectivity.

Seemingly there has been little consideration among British Columbia officials concerning the implementation of the Treaty. Their assumption seemed to be two-fold:

(a) that the part to be played by British Columbia and the power entity would be set forth in the Treaty itself. It was only after a good deal of explanation that they seemed to realize how impossible it would be to place before the United States Senate a Treaty requiring Senate approval of the way in which the Treaty was to be implemented in Canada; and

(b) that simple agreement and understanding between the power entity in Canada and Bonneville Power Administration in the United States would not require any supervision from either the Provincial or Dominion Government. Again an endeavour was made to indicate that the Dominion Government would have to be assured that the responsibilities it undertook under the Treaty would in fact be carried out. To this end it would be desirable that agreements between the entities be formalized by exchanges of notes. The notes could, however, provide for a good deal of flexibility by setting out time periods and areas within which the power entities might enter into subordinate agreements.

It seems clear that there is *fait accompli* so far as the naming of the power entity is concerned. Mr. Bassett said that Mr. Williston had named British Columbia Hydro in his announcement concerning acceptance of the Progress Report. Furthermore, consultants will be meeting with Dr. Keenleyside on November 8 in order to press forward with the preparation of applications under the British Columbia Water Act. Borings are being made and planned at the dam sites and additional staff is being engaged by British Columbia Hydro. In short, any attempt to displace British Columbia Hydro at this time would undoubtedly cause delay and confusion as well as hard feeling. The proposals contained in the Memorandum to Cabinet concerning supervision could be consistent with the part already being played by British Columbia Hydro.

Mr. Bassett seemed greatly disturbed about the naming of specific projects in the Treaty. He wished to return to the description by reaches of the River. When pinned down he expressed concern particularly concerning the possibility of constructing a dam at the outlet of Duncan Lake.

An interesting exchange of views took place concerning the situation if Libby is not built by the United States or if it does not use the full suggested pool level. Mr. Bassett seemed to say that he would hope not merely that the use of the reservoir area in Canada should cease but also that there would be a full diversion from the Kootenay into the Columbia River.

Only brief consideration was given to the strictly legal clauses of the draft Treaty but some notes on the considerations involved were given to Mr. Kennedy so that he might give further thought to them and express his views either before or at the time of the next Policy Liaison Committee meeting. Generally speaking, Messrs. Bassett and Kennedy seemed disinclined to accept the International Court of Justice, the International Joint Commission, or even a board of arbitrators. What they did want never did emerge.

It was agreed that some matters would require direction from the Policy Liaison Committee including the following:

(a) the extent of United States obligation to make effective use of the improvement in stream flow conditions;

(b) the authority in Canada which will in fact issue approval for the use within Canada of any improvement in stream flows;

(c) at what level approval has to be sought for the exchange of capacity for energy benefits and for the sale of power benefits in the United States;

(d) who receives the flood control payments;

(e) the extent of the authority given to the operating entities;

(f) directives concerning the legal clauses, e.g. settlement of disputes, claims for damages, force majeure.

As Mr. Bonner had been consulted by Messrs. Bassett and Kennedy with respect to the draft articles on the previous day, it is assumed that his views were reflected particularly in the endeavour to remove the Dominion Government as an active party as soon as the Treaty had been signed.

At his request, Mr. Kennedy was provided with copies of the Canada-Ontario Agreement, 1951 and the covering Dominion legislation. As you will recall there are some helpful articles in that agreement, especially Article 2 which sets out that agreement is in consideration of the Government of Canada entering into an international obligation and also Article 6 which provides that the Government of Canada may take over the works in certain circumstances. However, the Canada-Ontario Agreement did not provide for any continuing link between the two governments. On the other hand, there was a good deal of supervision of the construction by an international board of engineers appointed by the two governments and also by the International Joint Commission. Furthermore, the interesting situation has arisen with respect to the St. Lawrence development that the provincial power entity wants the Government of Canada to be responsible for operation whereas the latter maintains that the responsibility is entirely provincial.

I am attaching a redraft of proposed articles for the Treaty† together with a copy of the Canada-Ontario Agreement.

J.H. CLEVELAND
Chairman
Legal Committee,
Canadian Delegation,
Columbia River Negotiations

352. J.G.D./VII/552/Columbia Conf.

Le ministre des Finances
au premier ministre de la Colombie-Britannique

Minister of Finance
to Premier of British Columbia

My dear Premier:

I duly received your letter dated October 27th concerning the financing of the Columbia River Power Development. Your writing of the letter followed our personal discussion of the same subject on October 26th.

You will undoubtedly have been advised by now that at the meeting of the Canada-British Columbia Policy Liaison Committee on November 23rd and 24th, the Federal Ministers amplified the nature and effect of the Federal Government's offer as first put forward on February 9, 1960, and confirmed in my letter of April 21st. Since the questions in your letter under reply were based on the situation previous to the elaboration made at that meeting, I believe it would be appropriate if I were to repeat the outline of the federal offer here, in order that my answers to your questions may appear in their proper context. Subject to satisfactory agreement on the character and functions of a joint federal-provincial co-ordinating agency, along the lines indicated by federal representatives at the recent Canada-British Columbia Policy Liaison Committee, the Federal Government would give financial assistance in the following manner:

1. The Government of Canada is prepared, subject to the approval of Parliament, to advance one-half of the capital cost of creating the storages necessary to implement the proposed treaty between Canada and the United States for the co-operative development of the Columbia River.[147]

2. The Government of Canada will advance these monies as an investment in a joint project of Canada and British Columbia which will be self-liquidating.

3. The Government of Canada proposes the creation of a joint entity for the purpose (amongst others) of receiving and advancing the Federal Government's financial contribution. It is understood that you propose to designate the British Columbia Power Commission as the agency to have physical responsibility on behalf of British Columbia for construction and operation of these projects. Subject to satisfactory agreement between our two Governments as to the role and position of the joint entity in safeguarding the interests of the Federal Government, and the obligation of the Federal Government, under the treaty, and subject to the approval and authorization of Parliament, the joint entity could be authorized to advance the federal monies for capital costs, to British Columbia Power Commission in accordance with the schedule of construction as contracts are approved.

[147] Note marginale :/Marginal note:
Phoned 10 am Dec 7/60 re [Donald Fleming]

4. The financing thus provided by the Federal Government (or guaranteed, if a guaranty arrangement is agreed to be more suitable) would be looked upon as a joint investment with British Columbia, and be repayable by the operating entity to the joint entity on behalf of the Federal Government, out of revenues earned from the project after operating costs are met. Since it would be a joint investment, capital repayment out of revenues to the Federal Government would be in the same proportion to total earnings as the capital contribution by the Federal Government bears to the total capital contributed to bring the project into operation and would be subject to the same maturity dates and other repayments conditions as were applicable to the capital contributed by the Provincial Government, or by private investors.

5. Under this arrangement, it would also be possible for the joint entity to receive and disburse the proportion of the capital to be contributed by British Columbia, if the Province wishes to handle it that way. Alternatively, it would be possible for the entity to raise the finances directly from the public, with each Government agreeing to guarantee the issue proportionately and to purchase proportionately any part thereof from time to time not taken up by public subscription.

Subject to the foregoing, I would answer your request for information on five precise points as follows:

(1) & (5) You now enquire as to "the maximum amount which the Federal Government would be prepared to lend to the B.C. Power Commission." In our oral discussion on October 26th, your question was put in rather different form. You then asked if there would be any strings attached to any loan that the Federal Government might make and, *if the loan were to the B.C. Power Commission*, whether the Federal Government would wish to have a guarantee by the Government of the Province and, if so, whether on principal, interest or both. As indicated above and as stated in my letter of April 21st, I wish to confirm that the Government of Canada is prepared, subject to the approval of Parliament, to provide one-half of the capital cost of the approved storage required to implement the proposed treaty between Canada and the United States for the co-operative developments of the Columbia River, as an investment in a joint project of Canada and British Columbia that would be self-liquidating.

(2) The financing provided or guaranteed by the Government of Canada would be recoverable with interest from the revenues earned from the project.

(3) The precise interest rate to be fixed would depend on the form of financing agreed to, but it would obviously have to bear a direct relation to the rate at which the entity could borrow in the market. With guarantees as suggested above, and in view of the advantageous nature of the project which has been arranged, it should be possible to secure a favourable interest rate. The point to be emphasized is that, on the basis of this concept of a joint investment, there would be no question of an interest charge to the British Columbia Government for any investment by the Government of Canada. Interest will be paid at the same dates as interest is paid on the capital provided by the Provincial Government, or to private investors on the bonds guaranteed by the Provincial Government.

(4) Until its investment has been recovered by it, the Federal Government would be entitled to receive a share of the net revenue earned from the project in proportion to its contribution to the total capital contributed by the two Governments.

You will appreciate that, apart from answering your specific questions in the context of the elaboration of the federal offer referred to, I have confined myself to a very general outline of the nature of the offer and of the ways in which it could be implemented. We are ready and shall be pleased to discuss the details of these and all other questions pertaining to the financing of the Columbia River project, in which the Government of Canada has such an

important interest, and express the hope that you may see fit to authorize your Government's representatives to discuss these questions at the meeting on December 8th and 9th.

Yours sincerely,

[DONALD FLEMING]

353. H.C.G./Vol. 2

Le premier ministre de la Colombie-Britannique
au ministre des Finances

Premier of British Columbia
to Minister of Finance

Victoria, December 14, 1960

Dear Mr. Fleming:

This will acknowledge your letter of December 6th in reply to my letter to you of October 27th.

The financial proposals put forward by the Government of Canada for hydro-electric development of the Columbia River are, regrettably, unacceptable to British Columbia. In order that there will be no delay in carrying out the development, however, British Columbia is prepared to guarantee Canada that this Government will fulfill the terms of the treaty which is negotiated with the Government of the United States. In return, British Columbia would, of course, expect the Government of Canada to guarantee that the obligations imposed on the United States Government by terms of the treaty will be fulfilled.

Yours faithfully,

W.A.C. BENNETT

354. H.C.G./Vol. 2

Le ministre des Finances
au premier ministre de la Colombie-Britannique

Minister of Finance
to Premier of British Columbia

Ottawa, December 22, 1960

My dear Premier:

I acknowledge receipt of your letter of December 14th, in which you state that the financial proposals which I put forward on behalf of the Government of Canada in my letter of December 6th, in relation to the Hydro Electric Development of the Columbia River, are unacceptable to you.

I must express the regret of my colleagues and myself at the rejection of our offer. It was, I believe, in the light of all precedents, extraordinarily generous in its terms. I was struck by the fact that your rejection was announced publicly on the day you received my letter, indeed, within several hours after receiving it.

The statement attributed to you in the press on that occasion suggests to me that the terms of the federal offer may not have been fully understood. I trust that your rejection may have been due to a misunderstanding of the nature and effect of the offer. I believe you will agree

that it would be most regrettable if British Columbia were to be deprived of the benefit of this very generous offer because of any misunderstanding.

In the hope, therefore, that a personal discussion between us of the subject may help to remove any misunderstandings that may exist, I should welcome an opportunity of meeting with you for this purpose. I would hope that an early meeting might be possible.

Yours sincerely,

[DONALD FLEMING]

355. PCO

Note du ministre de la Justice et du ministre des Affaires du Nord et des Ressources nationales pour le Cabinet

Memorandum from Minister of Justice and Minister of Northern Affairs and National Resources to Cabinet

CABINET DOCUMENT NO. 420-60 [Ottawa], December 28, 1960

SECRET

COLUMBIA RIVER NEGOTIATIONS PROPOSED TEXT FOR TREATY WITH THE UNITED STATES

Recent Developments

Following the approval of the Progress Report concerning the Columbia River negotiations by the Governments of Canada and the United States (Memorandum to the Cabinet dated October 3, 1960 — copy attached) a further series of meetings has taken place with both British Columbia and the United States. After difficulties which threatened the success of the negotiations, substantial agreement was reached between the Canadian and United States negotiators at the most recent Canada-United States negotiators' meeting held in Washington on December 14, 15 and 16, 1960 as to both the form and substance of the text of the Treaty. Attached is a copy of the draft† prepared by Canada on the basis of Canada's understanding of the outcome of the meeting. (The Annexes to the Treaty have not been attached as they are still in the process of being drafted.) This draft is being considered by the United States authorities who in turn have provided us with a copy of their draft. It is hoped that a final text can be produced at meetings with British Columbia representatives on January 3 and 4 and with United States representatives on January 5 and 6.

Recent Meeting with the United States

At the recent meeting in Washington, the Canadian Delegation succeeded in securing greater flexibility than might have been allowed by a strict interpretation of the Progress Report in connection with the commitment of Canadian water to power generation and flood control in the United States. As a result, on the basis of the understandings reached in Washington which are reflected in the attached draft, at-site generation of power in Canada can be developed at the time desired without detracting significantly, if at all, from the downstream benefits originally expected by Canada (Articles II, IV, V, VIII and IX).

The main outstanding issues with the United States after the Washington meeting (apart from a rather elaborate proposal made by the United States recently for a special arbitration tribunal) relate to

(a) the status of the 1909 Boundary Waters Treaty after the expiration of the proposed Columbia River Treaty (Article XVII); and

(b) the question of liability for damage (Article XVIII).

On the first of these issues there remains some difficulty since the United States does not want anything in the new Treaty which would run counter to their existing right to terminate the Boundary Waters Treaty on one year's notice (even though they insist that they can hardly foresee a situation in which they would wish to exercise this right). From our point of view it would be desirable to be assured that the Boundary Waters Treaty would continue in force, at least with respect to the Columbia River, for the life of the new Treaty and for a minimum of one year thereafter in order that we would be free to take steps after the end of the Columbia River Treaty to prepare for full diversion if that should appear desirable. While there is an important difference of view on this matter, the problem of accommodation both sides, without prejudicing their conflicting interpretations of the diversion right under the Boundary Waters Treaty, would not seem to be insoluble.

On the second issue, relating to liability for damage, it appeared at the end of the Washington meeting that a satisfactory solution could be found which would leave Canada free from all or most damage claims arising in the United States. The more recent United States draft would seem to indicate, however, that the differences between the two negotiating teams on this matter have not yet been fully overcome.

British Columbia — Federal Differences over the Treaty

Apart from the problems involved in domestic arrangements between the Federal Government and the Governments of British Columbia, certain differences developed between the Federal and Provincial Governments over the terms of the Treaty. These related mainly to British Columbia's desire to have provision for a possible "stretch out" of the construction period for Mica if power requirements in Canada made that desirable and to British Columbia's desire to allow the entities to dispose of some power benefits in the United States without the necessity of formal exchanges of notes between the Governments of the United States and Canada.

On the first of these points the Federal negotiators have taken the position quite firmly that no "stretch out" specifically related to Mica should be included, especially since it was evident from the Washington meeting that any such provision for a possible delay in the completion of Mica would inevitably detract from Mica's credit position and enhance the position of Libby. Insofar as the possibility of a delay is allowed for, it is covered by the general treaty provision regarding non-performance (Article XVIII).

On the second point, regarding the authority required for any disposal of power benefits in the United States, the Federal negotiators have taken a definite position on the necessity for authorization by the two national governments. The United States negotiators have made it clear that they would wish to require such authorization for their purposes and the Dominion Government would seem to be fully justified in insisting on formal authorization for Canada's purposes. This matter is dealt with in paragraphs 3(d) and 4 of Article XIV. It would be contemplated that any disposals of power benefits in substantial amounts or for lengthy periods would be made only on the authority of formal exchanges of notes, and even short-term disposals of small amounts of power would be arranged by the entities only within such limits as might be specifically allowed by intergovernmental notes.

Urgency

The fact that the United States side has been prepared to agree to most of the proposals made by Canada at the Washington meeting may be indicative of the keenness of the present US Administration to have the Treaty signed before the new Administration takes over on

January 20. In any event, it would seem to be very much in Canada's interest to facilitate the presentation of the Treaty by the Eisenhower Administration in order to avoid re-opening the many issues which have been resolved during the past several months of negotiation. If this is to be achieved, it will be necessary to reach final agreement with the United States (and with British Columbia) in time to permit the presentation of the Treaty to Congress around January 16.

Conclusion

The draft Treaty, which has been reviewed by the Cabinet Committee on the Columbia River, is recommended as a basis for the final sessions with British Columbia and with the United States. The negotiators should, however, be allowed enough latitude to work out necessary compromises on style and form, although every effort should be made to preserve the substance of the present Canadian draft text. The text which emerges from the negotiating session with the United States will be submitted to Cabinet for final approval and for the necessary authority of the Governor-in-Council to have the Treaty signed on behalf of Canada.

E.D. FULTON
Chairman
Canadian Negotiating Team

ALVIN HAMILTON
Chairman, Cabinet Committee
on the Columbia

CHAPITRE IV/CHAPTER IV
COMMONWEALTH

PREMIÈRE PARTIE/PART 1

RÉUNION DES PREMIERS MINISTRES DU COMMONWEALTH, LONDRES 3 AU 13 MAI 1960, ET LES PRÉPARATIFS POUR LA RÉUNION DE 1961
MEETING OF COMMONWEALTH PRIME MINISTERS, LONDON, MAY 3-13, 1960, AND PREPARATIONS FOR THE 1961 MEETING

356. DEA/50085-H-40

Note du chef de la Direction du Commonwealth pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Commonwealth Division, to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], March 30, 1960

I mentioned to you earlier that I had been preparing a paper on South Africa, and I gathered from Mr. Robinson that something on this subject would be appropriate at the present time. I have tried to hint delicately that there is room for an act of high statesmanship within the Commonwealth.

2. Some of the factual material in the paper I owe to Commonwealth Division, and Mr. Gill has read the paper and made some suggestions (which are incorporated).

G. DE T. G[LAZEBROOK]

[PIÈCE JOINTE/ENCLOSURE]

Note du chef de la Direction du Commonwealth

Memorandum from Head, Commonwealth Division

CONFIDENTIAL [Ottawa], March 30, 1960

CANADIAN RELATIONS WITH SOUTH AFRICA

The recent riots in South Africa, and more particularly the method of suppressing them,[1] have raised in more compelling form the question of the attitudes to be taken by Canada and other countries. Because South Africa is a member of the Commonwealth (one, indeed, of its architects), there have been demands in Canada and elsewhere both that the situation in South Africa should be discussed at a meeting of Commonwealth Prime Ministers and also that South Africa should be read out of the Commonwealth.

2. *Apartheid* has now come to stand for the whole racial policy of South Africa. Throughout the history of what is now the Union, the white population has always taken the view that by one means or another the non-white population should be prevented from exercising the

[1] Voir/See "50 Killed in South Africa as Police Fire on Rioters," *New York Times*, March 22, 1960, p. 1.

influence which, as a large majority, it could theoretically exercise. The maintenance of white supremacy is therefore completely traditional and in principle supported by all but a very small part of the white population.

3. Recently, however, two factors have contributed to throwing a somewhat different light on the situation in South Africa.

(a) World opinion has now generally accepted the undesirability of racial discrimination. This has, in its development, been mixed up with "anti-colonialism," particularly in Africa south of the Sahara. There is a claim that government must be by the Africans, i.e. the black Africans, and outside the Union this is resisted only in the Portuguese territories. The other great powers involved have accepted the inevitability of the process, and remaining differences relate only to timing, and to the rights of white minorities.

(b) The Nationalist government in South Africa has, in the past few years, exaggerated the application of white domination and in doing so, has revealed an inherent tendency towards some degree of authoritarianism.

4. Although *apartheid* has come to stand for racial discrimination, it is in fact designed as a compromise between the cruder forms of white domination on the one hand and the right of non-white peoples on the other. It is intended that a white minority of 3 million persons shall retain its political and economic dominance over 9.4 million Africans, 1.3 million "coloureds" (persons of mixed blood) and .4 million Asians. The constitutional means of control would be an all-white parliament, with the Africans having some status in municipal affairs only. The essence of *apartheid* is, of course, that the whites and non-whites should live in separate areas, each developing its own society. A number of tracts of land — "Bantustan" — have been set aside for non-white peoples, and there have been indications that a progressive devolution of governmental authority might be allowed.

5. There is a certain unreality in this whole dispute because of the following circumstances:

(a) *Apartheid* is probably impossible of achievement in South Africa. In the first place, the territories to be assigned to the non-whites (13% of the land for 79% of the population) appear to be inadequate, but what is more important is that the South African economy cannot be maintained unless there is Bantu labour available in the mines and, to some extent, in the industries.

(b) The critics of South Africa call for the abolition of *apartheid*, by which they mean the abolition of racial discrimination. To achieve this, except over a long period, would be virtually impossible as has been shown by the slow progress in the American South, and this latter in spite of the decision of the Supreme Court that *apartheid* is illegal.

(c) The criticism is directed almost wholly to the principle instead of to the practice. This suits both the South Africans and their critics for a number of reasons. Although the South Africans talk of moderation of criticism, it is doubtful that they really want it. In the General Assembly, for example, it has been found that the more moderate the criticism, the fewer supporters are left for South Africa. Furthermore, the South Africans seek to represent *apartheid* as a solution advantageous to all racial groups. Therefore to discuss whether *apartheid* goes too far is to them an absurdity. *Apartheid* is represented not as an evil, but as a good, and, as good cannot be exaggerated, *apartheid* should not be restricted, but completed. To the critics, on the other hand, it is safer to stay on general grounds. Most countries have some racial skeletons and many countries are open to attack on the ground of civil liberties. Thus, it is not always the best tactic to argue against arbitrary trial and imprisonment or even against violent police action. To do so would be to leave openings for the *tu quoque* argument.

6. The motives behind the wide criticism of the racial policies of South Africa have been mixed. Some of the Africans and Asians in the last General Assembly were frank [enough] to admit that they were less concerned about the fate of Africans in the Union and in South West

Africa than with the opportunity to orate on the principles of racial discrimination. Some of the journalists who examined the recent United States statement on South Africa[2] claim that the compelling motive was a desire to gain popularity in black Africa and in Asia. No doubt other individuals and other governments may be influenced by a desire to swim with the tide.

7. There do, however, remain those governments and individuals who are genuinely anxious to assist in any way they can toward an improvement in racial relations. To such an end, the first step is understanding of the South African point of view. Basically it is that South Africa must remain a white man's country rather than allow the white minority to be overwhelmed by a non-white majority with different traditions and values. Simple majority rule is thus unacceptable. But the problem is not the future of the present Union alone. For economic and strategic reasons South-West Africa is seen as a required addition, and it is hoped that the High Commission territories, which cut the area of the Union, can later also be added. The effect of such additions would be, of course, greatly to increase the non-white majority and consequently the impossibility of majority rule.

8. The problem before well-wishers is to find a solution. It contributes little to call for an end to *apartheid*, for *apartheid* is itself intended as a partial answer to the evil of white domination. It is more meaningful to argue for the ending of racial discrimination itself. But can this in itself be accepted as the basis for willing action by the South Africans; or, if imposed by force, other than an alternative form of oppression?

9. It is noteworthy that the United States, which has in the past conducted the only other great experiment in *apartheid*, is relatively free from criticism. This, observers say, is because the United States is "moving in the right direction." What would happen if the South Africans also moved in the "right" direction? Would they

(i) find racial relations easier, or — as they suspect — merely demonstrate weakness and leave an opening for oppression of white by black?

(ii) secure a new respect in the rest of the world? In this connection, a quick look at the attempts in Southern Rhodesia to establish "partnership" might give them ground for pause.

10. Even in the United States, with a large white majority, the withdrawal from *apartheid* has been slow and stubbornly resisted. To many white people — perhaps a majority — in the Deep South the negro is not sufficiently advanced to have a position equal to that of the whites. And in fact he does not. Well educated and otherwise moderate Southerners will argue that "Washington" does not understand the problem, that the Northerners (who have no racial problem) are hypocritical, and that — come what may — the Southerners will protect their minority position.

11. Outside opinion, however understanding of the problem of the white people of the American South and of South Africa, cannot agree that the solution lies in perpetual and unameliorated white domination. But have they a solution? It cannot, surely, lie in an immediate and radical change in the Union? To attempt such would be to invite political and economic confusion, accompanied in all probability by disorder, extending to heavy loss of life.

12. Within the Union there is a not inconsiderable body of opinion which is opposed to the policies of the present government. That opinion varies all the way from outright rejection of *apartheid* by a small group of liberals to criticism of the extreme legislation and administration that has characterised National governments in recent years. Mr. Macmillan's remarks to the

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[2] Voir/See Dana Adams Schmidt, "Police Violence in South Africa Criticized by U.S.," *New York Times* March 23, 1960, p. 1.

Parliament of South Africa[3] evoked not only criticism of his intervention in domestic affairs but — more significantly — comments by moderates to the effect that the government might be on the wrong track.

13. To the vast majority of South Africans it is inconceivable that the state and society which they have so laboriously constructed should, as they see it, be washed away in a flood of primitive native traditions and institutions. To a minority in the Union and to the great body of outside opinion, it is equally inconceivable that a reactionary government, representing a minority of the white voters, should have no answer to the universal demand for racial equality other than increasing oppression and the impractical doctrine of *apartheid*. If it is unreal to call for immediate racial equality, it is no less unreal to suppose that South Africa cannot move toward better relations between races. It is one thing to accept the fact that South Africans have a difficult problem and another that there is no approach to a gradual solution of it.

14. It is not likely that South African racial policies will be discussed at formal sessions of the London meeting. No Prime Minister dissented from the view in Mr. Macmillan's letters to Dr. Verwoerd that, by established convention, the domestic problems of Commonwealth members are excluded from the Agenda of the Prime Ministers' meetings. Further, it has been a practice that intra-Commonwealth disputes such as that over Kashmir should likewise be taken up only in informal conversations. There is, however, some pressure to depart from these conventions. Whether or not that is done, South African racial policies will be very much in the minds of all participants and, indeed, represent the great single decisive factor within the Commonwealth.

15. Judging by statements already made by some governments — for example, those of India and Malaya — it is all too likely that extreme positions will be taken by both such critics and the South African Prime Minister. Any approach to a common understanding would be difficult, and yet of prime importance if there is hope that South Africa can remain a member of the Commonwealth. Canada is one of the few countries that will be in a position to discuss the problem, without rancour, with the representatives of the two extremes.

16. There is a formidable gap between these extremes. On the one hand, the white South Africans are unalterably determined to protect, in some way, their civilization and identity. Not a few of them have long believed that they would, in the end, be overwhelmed by force of numbers, but that only after fighting. The criticism, as has been suggested, frequently leads to the simple conclusion that racial discrimination must be abolished forthwith. The only ground for compromise appears to be some recognition of the need for protecting the white minority combined with a series of steps to increase the civil and political rights of the non-whites. In the existing atmosphere moderation may be a difficult cause to promote: it calls for a reversal of the trend of the last several years. From the point of view of the white South Africans, however, there is little to gain from a continuation of the present policy. Not only are they losing their last friends, but are incurring the risk of revolution and, with that, economic collapse.

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[3] Le 3 février 1960, l'allocution que prononce Macmillan devant le Parlement sud-africain annonce un « vent de changement ». Voir Nicholas Mansergh, ed., *Documents and Speeches on Commonwealth Affairs, 1952-1962* (London: Oxford University Press, 1963), pp. 347-351.

Macmillan's 'wind of change' speech was made to the South African parliament on February 3, 1960. See Nicholas Mansergh, ed., *Documents and Speeches on Commonwealth Affairs, 1952-1962* (London: Oxford University Press, 1963), pp. 347-351.

357. DEA/50386-40

Le haut-commissariat au Royaume-Uni
au sous-secrétaire d'État aux Affaires extérieures

High Commission in United Kingdom
to Under-Secretary of State for External Affairs

LETTER NO. 667 London, March 31, 1960

SECRET. CANADIAN EYES ONLY.

Reference: Our letter No. 625 of March 24/60.†

"FUTURE OF THE COMMONWEALTH:" SOUTH AFRICA

In our letter under reference we discussed the "future of the Commonwealth" in terms of possible new members. This letter discusses its relationships to the Union of South Africa, as seen from London. It is becoming increasingly evident here that the Sharpeville shootings cannot be viewed in isolation. They have brought into sharp focus the many problems surrounding South Africa's continued membership in the Commonwealth which have been known but not often faced since Dr. Malan became Prime Minister of the Union in 1948.

2. In commenting upon South Africa from London it is inevitable that we do so at second hand. Nevertheless it is equally inevitable — granted the special relationship between the United Kingdom and South Africa — that much serious thinking and heart searching on the future of the Union and its relation to the Commonwealth should be done here. The shootings have provoked outspoken comment from all shades of U.K. opinion and from humanitarians generally, but they have also led to the realisation that protest is not enough in itself. In the present taut silence, which may be broken by fresh outbursts of violence at any moment, there is now less disposition in the U.K. to scold or pontificate, than to canvass ideas in an endeavour to find a way out of the impasse. There is a growing realisation that all groups in the U.K. share responsibility for the state of South Africa; not only for its black inhabitants but for its white inhabitants. References to the Boer War are not infrequent, and there is now a growing belief that more is needed than striking attitudes and making South African whites the scapegoat for moral indignation.

3. Since hard thinking needs to be done, London is a good place from which to observe it developing. In addition to the U.K. involvement in the problem through its historic relations with South Africa, the U.K. is also the centre of the remnants of the African Colonial Empire on the development of which events in the Union have such a profound effect. London is also the centre of a large group of voluntary political, social and religious organisations, all of which are concerned in varying degrees with the issues posed by racial discrimination. Finally, London, as a great world metropolis, is necessarily a place in which ideas constantly germinate.

4. Despite the public clamour, Dr. Verwoerd has not so far reversed his decision to come to the Prime Ministers' meeting. If he does come, his public reception is likely to be unpleasant. It is difficult to see how demonstrations similar to those organised outside South Africa House and in Trafalgar Square during the past week (our telegram No. 924 of March 28)† can be avoided. But whether he comes or not, it now appears almost unavoidable that the issue of apartheid will be discussed privately at the Prime Ministers' Meeting, if not in plenary. Though we are assured by Sir Alexander Clutterbuck that there is no intention whatever to put the item on the agenda, it is bound to come up informally. Too many Prime Ministers have commented publicly on the events in the Union for the subject of apartheid to be avoided. The bitter debate in the Indian Parliament, the public comment by Dr. Nkrumah, the statement by

Mr. Nash in Christchurch on March 25 that he thought the item should be on the agenda, since denied but widely publicized for several days, the speech by Mr. Menzies in Canberra on March 29 invoking the sanctity of Article II(7), have forced the issue out into the open.[4] It is a Commonwealth crux; indeed, as a senior official at the CRO observed to us, it has in it the makings of another Suez.

5. In the context of the above the following developments are taking place and ideas being ventilated.

Playing for Time

6. The U.K. Government has had two motives in its determination to gain time and take the heat out of debate. First, the belief that this would permit world reaction to penetrate to the ears of Dr. Verwoerd and his Cabinet, and make them realize, if anything can, the stupendous shock-wave produced by the apartheid policies in the world at large. They wished to let time work its effect, so that Dr. Verwoerd would realise the danger that South Africa might be ostracized and become a parish in the international community. Second, the U.K. Government, having by Mr. Macmillan's personal intervention secured a promise from Dr. Verwoerd to attend the Prime Ministers' meeting, did not want to run the risk of his assuming, from condemnatory gestures in the U.K., that there would be no point in his attending. The U.K. Government's line has been fairly effective in the sense that it has stemmed the tide of Opposition resentment, while the U.K. decision announced by Mr. Selwyn Lloyd on March 30 not to oppose inscription before the Security Council was hailed with real relief. It should not perhaps be overlooked that the Labour Party is in open disarray over public ownership and the nuclear deterrent (see our letter No. 582 of March 18)† and the Sharpeville riots have provided a heaven-sent opportunity to close its ranks and to smite the government with evangelical fervour. It is therefore most unlikely that, whatever the government had done, the Opposition would have called off its attack. But one of the results of the many exchanges in the House has been to bring home to the Labour Party that they are not alone in feeling shock and consternation over what has happened at Sharpeville; and that they, no less than the government, have a responsibility toward both blacks and whites in the Union (the *Observer* of March 27 made this point very clearly).

Christian Action

7. The mainspring of the Opposition's attack on the government, and of the Christian crusade led by Father Trevor Huddleston, is a deep sense of involvement in the South African tragedy. Father Huddleston and Canon Collins have both said that Christianity and the West are on trial in the Union. Yet, as many editorials have observed, the freedom of the African cannot be achieved at the expense of the total abandonment of white civilization south of the Limpopo. There is developing an uneasy feeling, expressed in right-wing and even liberal newspapers, and most cogently by Lord Salisbury in the House of Lords on March 28, that the pace of African development, encouraged by the U.K. and perhaps specifically by Mr. Macmillan's "wind of change" speech in Capetown on January 28, may have forced a showdown earlier than was foreseen. In the midst of the howls of execration directed against the Afrikaner, there is also a deepening realisation of the plight of the isolated, frightened, trigger-happy three million whites at the foot of Africa with no other home to go to. It is not too much to say that U.K. Ministers are both alarmed and despondent at the pass to which South Africa has been brought, and some see it tottering on the brink of anarchy.

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[4] Voir/See "Shootings Deplored in New Delhi," *New York Times*, March 29, 1960, p. 5; "Nehru Will Raise Apartheid Issue," *ibid*, May 2, 1960, p. 8; "No Intervention Over South Africa," *The Times*, March 30, 1960, p. 12.

8. The missionary and humanitarian societies, in taking the line that Christianity is on trial and that Christians must be active in preventing further deterioration in the Union before Soviet apologists have a field day south of the Sahara, have even suggested that working parties of priests and clergymen should go out to the Union to pray and argue with the backveldt *predikants* and other leaders of the Dutch Reformed Church (which is reputed to be strongly behind apartheid) in an endeavour to persuade them of the folly of the policy.

Re-alignment of Parties in the Union

9. Another suggestion that has been widely discussed for example in Chatham House and in the Institute of Race Relations is that the shock to the Union of world reaction may cause a re-alignment of parties within the white population of the Union itself. It is usual to assert that criticism from outside, or danger from the Africans within, draws Afrikaner and English Africans together. The cry "back to the Laager" unites them all. But in this case (so the argument runs) the work of the Progressive Party, the influence of more detached groups such as the Jewish community led by Harry Oppenheimer, and of the Afrikaner businessmen who have a stake in stability, may make possible a union of moderates among the whites. Those who take this view are supported in this belief by the resentment against apartheid reported to be felt among the Afrikaner philosophers of the Nationalist Party at the University of Stellenbosch. These intellectual leaders are reported to believe that apartheid is morally wrong, not because it seems to segregate black from white but because, as practiced by Dr. Verwoerd's government, true apartheid does not exist. Because South Africa's economy is based on black labour, blacks and whites live apart; but they do not work apart. It is thought that the influence of these philosophers and a consideration of the tremendous cost of full implementation of apartheid (estimated by the Tomlinson Commission[5] as being in excess of £32 million a year) may possibly have a modifying effect.

10. Such a union of moderates, if it were to come into being, could conceivably extend a hand to moderates among the blacks. Admittedly the announcement by Dr. Verwoerd that the Pan-African Movement and the African National Congress are both to be outlawed would seem to run counter to this suggestion; on the other hand the Pass Laws were suspended and have not yet been re-imposed, and it was perhaps notable that Chief Luthuli, in burning his pass book, put forward the possibility of a multi-racial conference in the Union to discuss the problems of South Africa.[6]

"Kicking South Africa out of the Commonwealth"

11. There is still a strong movement in the U.K., principally left wing and humanitarian and underwritten by the TUC, which supports the boycott and which also believes in its more extreme fringes that South Africa should be "kicked out of the Commonwealth." But as the crisis deepens such crude and simple measures are apt to be frowned on (for example, by the *Spectator*, the *Observer*, the *Sunday Times* and even the *New Statesman*). Such writers do not wish to see the liberation of the African at the expense of the obliteration or massacre of three million South African whites. The tendency, as the tragedy deepens, is thus to discuss it more responsibly. On the other hand, those (e.g. at the Institute of Race Relations) who regard Dr. Verwoerd's government as both intransigent and firmly established in the saddle, think that he may be coming to London for a different purpose. If he believes (so runs the argument) that

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[5] Il s'agissait de la Commission Tomlinson sur le développement des régions africaines, qui a présenté son rapport au Parlement sud-africain en mars 1956.
This was the Tomlinson Commission on the Development of African Areas, which submitted its report to the South African parliament in March 1956.

[6] Voir/See Leonard Ingalls, "Capetown Drops Identity Passes in Wake of Riots," *New York Times*, March 27, 1960, p. 1.

there is a move developing to "kick South Africa out of the Commonwealth" what is more likely than that Dr. Verwoerd should withdraw before being "kicked out?" Proponents of this view regard the referendum for a Republic, the suspension of the Pass Laws, the presentation of a comparatively mild face to the U.N., and even the decision of Dr. Verwoerd (despite U.K. public criticism) to come to London, as a prelude to an announcement that South Africa is about to leave the Commonwealth and perhaps the United Nations. It is impossible to say from here if Dr. Verwoerd's mind is really running along these lines; but his acts could bear such an interpretation.

An International Presence

12. The question next arises whether a move of some kind might not develop, either in the Commonwealth or in the U.N., to force South Africa in some way to accept the presence of an international commission or possibly an international force such as UNEF to assist it in the necessary maintenance of the peace as a prelude to an ultimate multi-racial approach perhaps under a U.N. umbrella. This proposal may not be so wildly improbable as it at first appears. Our colleagues at South Africa House (both Afrikaners) think that the situation is likely to get worse before it gets better; they foresee a brief period of repressive legislation and repressive acts (but with the minimum possible violence). But after this period of enforced calm, and while the political situation is more fluid than it has been for some years, they foresee a possible re-alignment of parties in the Union. This might produce a situation where a retreat from apartheid could be possible, and an international presence less unacceptable.

The Personality of Dr. Verwoerd

13. The personality of Dr. Verwoerd has some relevance here. He is, as is known, a Dutchman, a former newspaper editor and a doctrinaire philosopher, with whom many Afrikaners are out of sympathy. When Mr. Strijdom died in 1958 there were those among the Afrikaners who hoped that perhaps Mr. Erasmus or Mr. Schoeman might be elected leader of the Party. But Dr. Verwoerd was able to convince these waverers that he, and he alone, could make apartheid "work." If it now comes to be believed in South Africa that Dr. Verwoerd's rigid doctrinaire approach is more dangerous than Mr. Strijdom's, because it carries cold intellectual conviction, and that it is now leading South Africa toward the brink of disaster, then the Nationalist Party may have second thoughts.

14. Dr. Verwoerd's initial reply to Chief Luthuli's somewhat equivocal olive branch was to rush through legislation to ban the All-African Congress and the Pan-African Movement and to place Luthuli himself under house arrest. But this is not regarded by our South African colleagues as the end.

Economic Pressures

15. An economic key to the future of South Africa may be the sharp fall in African mining shares registered in the City after Mr. Macmillan's "wind of change" speech, and again more steeply after the Sharpeville riots. South Africa is in process of rapid industrialisation. If, as a result of racial disorders or misguided racial policies, the City, and perhaps Wall Street, come to regard South African industrial enterprise as a poor risk, this may itself have an effect, through economic pressures, on domestic policies. According to de Villiers and van Vuuren at South Africa House, pressures of this kind rather than condemnatory resolutions in the Security Council are more likely to modify Dr. Verwoerd's policies.

16. Finally, it has been suggested by our South African colleagues, not perhaps with much conviction, that of the ten million Bantus in South Africa 8.5 million are rural and "not interested" in these political matters. The one and a half million urbanised, more sophisticated African proletariat which has grown up around the industrial areas on the Rand and in the neighbourhood of Capetown, Durban, Kimberley or Port Elizabeth may be resisting indus-

trialisation and its hardships in the same way as the landless rural proletariat in the U.K. did immediately after the Napoleonic wars in the Peterloo "massacre."[7] One needs to have a good deal of optimism to believe this, but it may be a possibility. On the other hand the rapid turnover of single men working in the industrial areas and returning on a rotational basis to their tribes suggests that political sophistication may be spreading to deeper levels.

"Declaration of Commonwealth Principle"

17. Although it is, as the *Guardian* puts it, an "iron clad principle" that no transcript of proceedings is ever published at a Prime Ministers' meeting, there is some speculation among the better informed newspapers that a move may develop to modify this principle. Noting that the Prime Ministers of Ghana, Malaya, New Zealand, and on April 1 Australia have all expressed the view that apartheid should be discussed, political writers are speculating that the Prime Ministers may wish to put out some form of agreed declaratory statement. The writer of the "London Letter" in the *Guardian* suggests that if this move develops it will naturally not take the form of an indictment of Dr. Verwoerd, but perhaps of a "declaration of Commonwealth principle." He suggests that this would be a positive approach, and that if the South Africans failed to endorse it "then it will be them and no one else who will be indicting themselves." (We should add that the CRO, while admitting the possibility that such a declaration may be being canvassed unofficially, has had no word about it even informally from its High Commissioners in Delhi, Accra or Kuala Lumpur).

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18. We recognise that many of these speculations and ideas are vague and nebulous. We pass them on simply to underline the extent to which the whole South African problem is being pondered here in London, and in the hope that they may be of some assistance to our delegation if the problem comes up at the Prime Ministers' meeting.

[G.] IGNATIEFF

358. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], March 31, 1960

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Solicitor General and Acting Secretary of State (Mr. Balcer),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),

[7] Le 16 août 1819, une foule considérable s'est rassemblée pour écouter l'orateur radical Henry Hunt, à St. Peter's Fields, à l'extérieur de Manchester. Les soldats ont tiré sur la foule, tuant plusieurs personnes. A large crowd assembled to hear radical orator Henry Hunt at St. Peter's Fields, outside Manchester, on August 16, 1819. Troops fired on the crowd, killing several people.

The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin), (Dr. Hodgson).

. . .

SOUTH AFRICA; SITUATION IN SOUTH AFRICA

2. *The Prime Minister* said that he had received a telegram from the Prime Minister of South Africa asking him if he could meet him privately in London shortly before the opening of the Commonwealth Prime Ministers' Conference. He referred to the *Globe and Mail* editorial of the day which was suggesting that it was now the time for Canada to speak on the South African crisis.[8] The previous day, the South African U.N. representative had referred, in his statement to the United Nations Security Council, to a statement made in the U.N. by Mr. Pearson in 1952, wherein the latter had said that countries had no right to interfere in domestic matters of other countries but could only discuss these matters.[9] He noted that Mr. Pearson's speech had not been drawn to his attention by officials of the Department of External Affairs. He wondered how much further Canada should go in view of recent developments in South Africa and did not think the government should get into a position which would be inconsistent with its previous attitude. The Prime Minister of the United Kingdom was now trying to back away from the position he had taken during his recent tour of South Africa; he had raised a storm of protest among members of his own party.

3. *During the brief discussion* it was the general feeling that the statement made by the Prime Minister on the previous Friday on the government's attitude toward "apartheid" had been most skilful and that it would be difficult to improve it.

4. *The Cabinet* agreed that there be no change in the government's position on the apartheid policy of the South African government as outlined by the Prime Minister in a recent statement.[10]

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[8] Voir/See "Time for Canada to Speak," *Globe and Mail*, March 31, 1960, p. 6.

[9] Voir Nations Unies, *Documents officiels du Conseil de sécurité, quinzième année,* SPV 852, 30 mars 1960. See United Nations, *Official Records of the Security Council, Fifteenth Year,* SPV 852, March 30, 1960.

[10] Voir/See "Tragic, PM Says," *Globe and Mail*, March 24, 1960, p. 2.

359. J.G.D./XII/Vol. 54

Note du secrétaire du Cabinet pour le premier ministre

Memorandum from Secretary to Cabinet to Prime Minister

CONFIDENTIAL [Ottawa], April 18, 1960

CENTRAL ISSUES RE THE COMMONWEALTH

You have asked me for some ideas about the Commonwealth in relation to the London meeting in May. I see three major issues and would comment on them as follows:

Composition and Nature

The first issue is the future nature of the Commonwealth itself. It has now passed through two stages and is about to enter a third, which poses some threat to its continuing usefulness. First it was a small group of half a dozen reasonably similar, white, parliamentary constitutional monarchies, inevitably dominated by the United Kingdom, which was much larger and richer than the others. It was almost a family affair. Since 1947 it has come through a second stage, with India, Pakistan, etc. giving it a new significance but making it a broader, looser association — let us say a club of the Imperial "old boys" who have graduated from U.K. tutelage. Still the number was manageable and while the members varied in size, it was possible to regard them as tolerably equal.

Now we have a dozen or two new members coming up the path to the doorstep, most of them quite small and poor. Nigeria will be first, and need not change the character of the club, but then will come a lot of little applicants — from Cyprus to British Honduras. I think we must and should admit them all, and on equal status with the rest of us, although it will then be perfectly obvious that "some are more equal than others." All these are likely to become members of the United Nations and sensitive about their status. We cannot make them second-class members.

This flood of small new members will make two main differences. First, the periodic meetings of Prime Ministers will get closer and closer to a sort of U.N. meeting, in which it will be hard to preserve the intimate, informal character that has been an important feature in the past. I think we should try to preserve the forms and the atmosphere as much as possible, but I think we must recognize that we cannot always proceed by unanimity. The meetings cannot be conducted quite so much like Cabinet meetings. There will have to be some willingness to proceed by preponderance, if not by majority. Perhaps some of us may retain, in effect, a veto if we feel strongly about a matter, but everyone cannot have this privilege, and instead must be permitted publicly to disagree. Managing this new flock will be quite a job for the chairman, who will need the help of some of his experienced colleagues like yourself.

The second difference made by the new members will be in the day to day workings of Commonwealth consultation. This will be more a problem for the United Kingdom than for us. I do not see that it need bother us very much. We will just have to choose which Commonwealth members we consult with on a basis different from other nations, and treat the others in a friendly way, but not so often. Clearly, however, it will mean there cannot be a Commonwealth seat on U.N. councils that would rotate quickly enough to be of interest to us, unless it were accepted that some would qualify more often than others.

Poverty, Development and Aid

It must be recognized that in the Commonwealth we now belong to a club in which the richer members are expected, as a social duty, to assist the poorer. The second stage of the Commonwealth led to the Colombo Plan within two or three years of the entry of India, Pakistan and Ceylon. Since then the pace of nationalism and of hunger for economic development has quickened. Emergent members are now expecting aid to come with independence. Unless the new members, especially in Africa, receive some sort of help from the older (white) members, they are going to be very disappointed, and say they are not being treated fairly or on the same basis as the Asian members.

Looking ahead, it seems to me that this problem is going to get much more acute as this decade progresses. The population pressure in Asia and many parts of Africa (and Latin America) will be inexorable and frightening. The contrast in living standards will become wider and more glaring. The poorer countries will get more and more conscious of it, and feel that something should, indeed must, be done about it at almost any cost. They will try to trade with us, the richer nations, and we will find that requires painful readjustments in our economies which we will resist. They will ask more urgently then for aid, which we will give in amounts that will not satisfy them and which cannot do so while the population surge is on.

It is against this worrying background that we should now examine the economic role of the Commonwealth. The old tariff preferences are now recognized as quite secondary. The real issue is how far the Commonwealth serves as a bridge of understanding that can help to prevent serious antagonisms developing between the rich and the poor, and as a club for organizing some further aid arrangements like the Colombo plan, and perhaps some broad improvements in trade, such as the United Kingdom announced at the Montreal conference, in regard to textiles from India.

Some further development along this general line should be made at this time. It need not be large in amount if it suffices to maintain the spirit and momentum which has been evident in the Colombo plan in the past decade, and which found expression in several forms at the Montreal conference. In view of the way in which the Commonwealth itself is developing, this further step should be directed toward Africa.

The nature and scope of this step should be considered in the ten days remaining before you leave for London. I understand Mr. Green is giving some thought to a proposal that would be fairly wide in scope but modest in scale, commencing as a Commonwealth initiative, emphasizing educational, technical and administrative assistance, but broadening out if others can be persuaded to join. I hope you will agree to our preparing a suggestion along this line, to be placed before the Cabinet on, say, the 26th, after you return from Mexico.

Racial Equality and South Africa

Whatever one says or does, the issue arising from the South African violence will inevitably dominate the public attitude toward this Commonwealth conference. The timing makes it inevitable. The action of the U.K. House has clinched it. I do not see how you or the others can dodge it. The press and Parliament will ask you what you propose to do about it, and, afterwards, what the Commonwealth has done about it.

The issue has already been raised by the Prime Minister of Malaya, whose representatives in London put it up to all Commonwealth governments. You owe him some sort of reply before leaving. He is committed to raise the matter at London.

I recognize that neither your colleagues here, nor those in London, would support a proposal to invite South Africa to withdraw, even though that might be the best for the Commonwealth as an effective force in itself.

I think that one must find some means of dealing with the issue at the conference table, and not just at luncheon. I think, too, the communiqué must mention it in some manner. Otherwise there is apt to be a wave of reproach and disillusionment about the morality or the courage of the Commonwealth that will weaken it when it most needs strength to meet the two problems noted above and remain an effective bond between its white and coloured member countries.[11]

I think one could deal with the matter by taking note of the manner in which the policies and actions of South Africa have given rise to questions across the world as to the attitude of the Commonwealth on the principle of racial equality — a principle of first rate importance in this mixed modern world. In these circumstances the other members of the Commonwealth can properly feel it necessary to state jointly, without asking South Africa to concur, that they believe in the principle of racial equality and in respect for the inherent dignity of all men, regardless of race, creed or color, and that they follow, and intend to continue following, policies which respect these principles and apply them in the treatment of all the people in each of their own countries.

A discussion and a statement along such lines would be in order, for it would concern the public reputation of the Commonwealth as a whole, and would not involve direct comment upon the domestic affairs of South Africa. We would not challenge her right to behave as she wishes at home, but we would recognize that when her behaviour attracts such universal disapproval, we must make clear that those of us associated with her do not share her views or be made by silence to appear to endorse them.

I would suggest that we consider urgently the possibility of some action along this general line but worked out in advance as carefully as time permits. Possibly it might be reflected, in a general way, in the line taken in the debate that presumably will take place in Parliament on the 26th or 27th just before you leave.[12]

R.B. B[RYCE]

360. DEA/14020-C14-3-40

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Secretary of State for External Affairs to Prime Minister

CONFIDENTIAL [Ottawa], April 18, 1960

AN ECONOMIC ASSISTANCE PROGRAMME FOR AFRICA

A discussion on this subject at the meeting of the Prime Ministers can provide an unusual opportunity to reassure questioning people in many parts of the world about the nature of the Commonwealth and to demonstrate once again the capacity of the Commonwealth for constructive leadership.

The needs of Africa are so pressing that they will in any event call forth action from one quarter or another within the very near future. As something is in any event going to be done at

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[11] Note marginale :/Marginal note:
Statesmanship to bridge. [J.G. Diefenbaker]

[12] Le débat a eu lieu le 27 avril. Voir Canada, Chambre des Communes, *Débats*, 1960, Vol. III, pp. 3469 à 3492.
The debate took place on April 27. See Canada, House of Commons, *Debates*, 1960, Vol. III, pp. 3319-41.

some time, I think now is the right moment to make a start. The best political results can be secured if an initiative is taken now and if it is taken under Commonwealth auspices.

Action at this time would have salutary effects not only in Africa but also in Canada and the other established members of the Commonwealth by reaffirming for our Parliaments and peoples the positive and progressive character of the Commonwealth. A failure to act now, in circumstances in which grave doubts have been raised concerning the real nature of the Commonwealth association, could well be disheartening to the Commonwealth's supporters throughout the world.

A certain amount of aid is already channelled to African countries by the United Nations and its Agencies, by the United Kingdom and other Commonwealth countries, including Canada, and by certain European countries. Africa is, however, the principal remaining underdeveloped area of the world for which no *special* international economic assistance programme has been established. The principal Asian countries benefit from the Colombo Plan. The Latin American countries have their new Inter-American Development Institution. Even the Middle Eastern countries were offered U.S. cooperation in forming a regional development arrangement at the time of the Lebanese crisis. The flow of investment and aid funds to Africa in comparison with the flow to other underdeveloped areas of the world has been disproportionately small. African leaders are seriously concerned at this situation. If it is allowed to continue during this crucial formative period in the history of these new African nations they may very well develop a hostility towards the developed countries of the West and may themselves move in other directions.

In present circumstances there is a particularly urgent and compelling need for some action which will serve to strengthen the confidence of Africans in the Commonwealth. Although Commonwealth countries generally may not consider that it would be appropriate or wise to comment directly and publicly on the way the South African authorities have been handling their affairs, it should be possible for these countries to act in a manner which will show the new African nations that events in South Africa are not representative of the attitude towards them.

A positive response by the Commonwealth at this stage to the needs of Africa would be in keeping with the imaginative role which the Commonwealth has played through the Colombo Plan and other timely actions in several regions of the world which assumed critical importance at various times during the past decade.

Canada, by virtue of its position in the Commonwealth, its reputation in the United Nations and other councils of the world, its relatively advanced economy, and its bilingual culture is perhaps in a better position than any other member of the Commonwealth to take a lead in proposing a constructive programme. What the new nations of Africa probably fear as much as anything else is the resurgence of colonialism. This could be avoided by a Canadian initiative. Moreover, a move by Canada now would follow fairly naturally from earlier actions taken by Canada at the time of the Montreal Conference when the Commonwealth Scholarship Scheme was launched and when a preliminary Canadian programme for technical assistance to Commonwealth countries in Africa was announced by the Minister of Finance.[13]

Accordingly, I recommend that at the Prime Ministers' Conference in London, you might take the initiative in proposing:

(a) a useful cooperative programme of economic assistance for the many newly independent and emergent states in Africa, and

[13] Voir volume 24, chapitre III, 3e partie./See Volume 24, Chapter III, Part 3.

(b) a declaration of the readiness and determination of Commonwealth countries, in concert with the United Nations and other interested countries, to assist in promoting the economic development and the strengthening of political and social institutions of the new African nations in ways of their own choosing.

The aid programme would be intended to help in meeting the practical needs of the African countries. The declaration would be designed to emphasize that we are sympathetically interested not only in their material welfare but also in their social and political objectives.

The proposed economic aid programme should, I think, be designed to provide equipment and technical assistance (including services of experts) to help these new nations develop their agriculture, expand their limited transportation facilities, strengthen their public administration, and improve their medical and health services; to carry out surveys of natural resources; and to assist education as a supplement to the existing Commonwealth Scholarship Plan (including perhaps help in providing institutions for vocational and technical training).

It is, of course, important that we should not attempt to do more than can be handled or absorbed, effectively. It is equally important that we should do enough to make a significant and early impact. As a start towards the long-term objective of self-sustaining growth for these new African countries, I think it would not be unreasonable to expect Commonwealth countries to provide initially a total contribution in the neighbourhood of $20 million a year in addition to existing aid programmes. I would hope that Canada would be prepared to lead off with a contribution of at least $5 million in the expectation that the United Kingdom and other members of the Commonwealth would be able to bring total contributions up to the target suggested. I would hope that such members of the Commonwealth as India and Pakistan would be able to provide some technical assistance, perhaps to public administration, since in this field these countries are considerably more advanced than the new African nations. Their participation would emphasize the cooperative and multi-racial character of the programme.

To provide the necessary time for preparations and for consultations (both inside and outside the Commonwealth), it would be reasonable to suggest that, following the pattern established in connection with Colombo Plan and the Commonwealth Scholarship Plan, an initial announcement at the Prime Ministers' meeting might be followed by detailed preparatory discussions among the prospective participants which could be held during the rest of the year. A schedule of this kind would mean that provision for national contributions would not be required until the estimates for fiscal year 1961-62.

If you see merit in the proposals in this memorandum, you may wish to consider sending a message to at least some of your Commonwealth colleagues indicting your intentions in this matter.

In view of the special interest of France in many parts of Africa, and in view of the repeated, if vague, references which French spokesmen have made to the desirability of a Summit discussion on economic aid for underdeveloped countries, you might also wish to mention the matter in broad terms to General de Gaulle during his visit to Ottawa.[14] You might wish to express the hope that any action by Commonwealth countries would meet with an understanding attitude on the part of France and that fruitful collaboration among all the interested countries would prove possible. Such cooperation would seem to be all the more necessary in view of the size and complexity of the problems involved in promoting sensible economic and political developments in Africa over the next few years.

[14] Voir/See document 495.

I am attaching some rough notes† outlining one possible way in which these ideas might be presented at the Commonwealth Conference.

HOWARD GREEN

361. DEA/50085-H-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM K-146 Ottawa, April 18, 1960

SECRET. OPIMMEDIATE.

Reference: Canberra telegram 98 of April 11† and London telegram 1125 of April 12† not to other addresses.

Repeat Canberra, Capetown, Accra, Karachi, New Delhi, Colombo, Kuala Lumpur, Wellington (OpImmediate) (Information).

DISCUSSION OF SOUTH AFRICAN RACIAL PROBLEMS AT PRIME MINISTERS' MEETING

Malayan authorities in London and Canberra have enquired in somewhat different terms about the discussion at Prime Ministers' meeting of South African racial policies. Malayan High Commissioner in London has sent note stating that his Prime Minister will initiate discussion and asked for Canadian reaction. The enquiry in Canberra was on the basis of a suggestion that this might be done.

2. The Prime Minister has repeatedly declined to announce in advance what his attitude will be toward possible discussion of South African racial policies in London. It may, however, be said as authorized in paragraph 3 below that he assumes that some discussion of this subject will inevitably arise during the period of the meeting and indeed that it is proper that it should. Since no formal and complete agenda is agreed beforehand it might be wise to leave the decision on procedure until the Prime Ministers are together in London, having in mind the objective of making such discussion as fruitful and constructive as possible and avoiding the charge that Commonwealth Prime Ministers were undertaking direct interference in internal affairs of South Africa.

3. To London and Canberra: You may speak to Malayan authorities in the above terms and to United Kingdom and Australian authorities at your discretion.

4. Other addresses: The above is for your information and may not repeat not be conveyed to other Governments without express authorization from us.

362. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa] April 20, 1960

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),

The Solicitor General and Acting Secretary of State (Mr. Balcer),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister of Defence Production (Mr. O'Hurley).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Martin), (Dr. Hodgson).

. . .

SOUTH AFRICAN SITUATION
(Previous reference April 11)

5. *The Prime Minister* said he had been in touch with the Prime Minister of the United Kingdom on the various statements Mr. Macmillan had been making about South Africa.[15] Taken together these were bound to cause difficulties. He was annoyed at Macmillan for all his conflicting remarks.

As soon as the London Conference opened there was bound to be trouble. In the face of what had been said about South Africa, Louw could quite conceivably move for the free admission of all peoples within the Commonwealth to other Commonwealth countries. If this issue was brought out so starkly the white nations would be acutely embarrassed; it would mean the beginning of the break-up of the Commonwealth. Was Canada willing to open its doors wide to coloured immigrants?

Macmillan was inclined to place before the Conference the resolution passed by the U.K. Parliament, but in doing so he would state that, although it represented the views of Parliament, it was not necessarily the view of the government of the United Kingdom. Altogether the situation could only be described as a mess.

6. *The Cabinet* noted the report of the Prime Minister on communications he had had with the Prime Minister of the United Kingdom on the South African situation.

. . .

363. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], April 28, 1960

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),

[15] Voir/See Walter Waggoner, "Macmillan Wary on South Africa," *New York Times*, April 6, 1960, p. 5; "Macmillan Bars Apartheid Rift," *ibid*, April 14, 1960, p. 6.

The Minister of Fisheries (Mr. MacLean),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Dr. Hodgson).

PROBLEMS RELATING TO THE COMMONWEALTH PRIME MINISTERS' CONFERENCE

1. *The Prime Minister* said that new varieties of members in the Commonwealth seemed to be developing. Referring specifically to the case of Cyprus, he said that he was unwilling to accept the formula of the British government. They wanted 90 square miles as a defence area on the island but Archbishop Makarios considered this too large. If an agreement was reached, the problem would arise as to Cypriot membership in the Commonwealth. Cyprus would likely become an independent republic under the tutelage indirectly of the United Kingdom and directly of Greece and Turkey. It was clear that the British government did not want the Archbishop to sit at the Commonwealth table thus bringing Turkey and Greece into the deliberations. The British were also worried about being overwhelmed by new smaller countries, e.g., Singapore, Malta, etc. etc. In a year's time the whites in the Commonwealth would be in the minority and within three years the Commonwealth would become a glorified United Nations. The real question was whether second-class membership in the Commonwealth was desirable.

2. *Mr. Diefenbaker* asked that the Cabinet inform him in London by the following Tuesday of their views on the Cyprus question.

3. *During the discussion* the following points were raised:

(a) Many felt there would be serious complications if a second group of Commonwealth nations was formed. There could not be a "half in" and "half out" concept. This would weaken the moral strength of the Commonwealth. The Commonwealth should remain within the definition of the Balfour Declaration of 1926. The population of Cyprus was only 600,000 — half Turk and half Greek. Why should it be brought into the Commonwealth at all? Why destroy the composition of the Commonwealth in order to accommodate the British who wanted bases on the Island? Many thought the Commonwealth should be confined to self-governing nations. This would, of course, exclude Singapore, Malta, etc.

(b) Some took the view that it was not possible or desirable to bring into the Commonwealth the 90 million or so living in the multitude of colonies. It was preposterous that Malta or Cyprus should have the same voice in the Commonwealth as Canada. Countries with large enough populations, such as Uganda, Sierra Leone and Tanganyika could be admitted. Would this mean that the classes of citizenship within the Commonwealth would depend on the size of the population? Newfoundland had been a separate Dominion at one time. Some thought that the impression had already been given that Canada would not object to according full Commonwealth status to Cyprus.

4. *The Cabinet* agreed to give further consideration to the question of membership in the Commonwealth in order to provide the Prime Minister with the Cabinet's views on this matter as early as possible the following week.

. . .

364. H.B.R./Vol. 3

Projet d'une note

Draft Memorandum

SECRET [London], May 1, 1960

PRIME MINISTER'S CONVERSATIONS AT CHEQUERS,
APRIL 30 – MAY 1

The Prime Minister spent the weekend at Chequers together with Field Marshal Ayoub Khan of Pakistan and Senator Cooray of Ceylon. The following is a summary record of comments made by the Prime Minister on his return on the evening of May 1.

South Africa

Mr. Macmillan was more concerned with getting through the first few days of the meeting without serious division than with contemplating the sort of result which might be expected to emerge at the end of the meeting. He was evidently hoping that it would be possible to avoid discussion at the formal sessions of the meeting. This would of course depend on the intended tactics of other Prime Ministers. Mr. Macmillan was expecting that the Prime Minister of Malaya was the most likely to raise the issue especially since as the representative of the latest country to join the Commonwealth, he was scheduled to reply to Mr. Macmillan's welcoming remarks. If the Tunku did refer to South Africa, it was to be expected that Mr. Louw would reply. The suggestion had been made that if such a discussion did in fact develop, it might be treated on the analogy of a point of parliamentary order or privilege. It would be possible to regard such a discussion as procedural or informal, thus permitting those Prime Ministers who wished, to express their views, without treating the matter as having been formally discussed.

Possible Change in Meeting Procedures

Mr. Macmillan appeared to attach importance to the concept of informal discussions, not only in the limited context of the South African problem, but as a procedural innovation which might be tested (though not advertised) at the present meeting and which might contribute to the solution of some of the problems involved in organizing the procedure of future meetings. The Prime Minister said that this idea had not been defined at all clearly in his talks with Mr. Macmillan; such "informal" sessions would not necessarily be restricted as to the number of Prime Ministers participating. The aim was to permit a flexible procedure enabling a broader range of subject matter than traditionally would be possible in formal sessions.

Cyprus and the Problem of Future Admissions

The Prime Minister was struck by the strong element of pragmatism in Mr. Macmillan's approach both to the South African issue and also to the longer range problem of Commonwealth meeting and Commonwealth membership. Mr. Macmillan had, the Prime Minister thought, accepted the view that there could be no question of "junior membership" for Cyprus if and when it expressed a wish to join the Commonwealth. Mr. Macmillan showed concern at the prospect of a large number of similarly small countries applying for membership but seemed to prefer not to attempt to lay down at this stage any principles or rules as to admission policy.

Detection Stations Under Nuclear Tests Treaty

Referring to the plan for a widely scattered network of detection stations,[16] Mr. Macmillan said that he saw this plan as a means of dramatizing the effects flowing from the progress made towards agreement on the inclusion of a threshold provision in the treaty, the acceptance of the idea of a limited moratorium on testing below the threshold level and the establishment of a joint research programme for identifying explosions below the threshold. Mr. Macmillan said that the establishment of detection stations internationally is "an investment for peace," the potential value of which would far outweigh the political disadvantages of having Soviet personnel included in the inspection teams at sites within the U.S. and Canada. The Prime Minister said that Mr. Macmillan had spoken of his objective of one hundred inspection sites; there were indications that the Soviet Union would be agreeable only to six. Mr. Macmillan had said that he hoped that they might arrive at a compromise agreement on approximately twenty.

365. H.B.R./Vol. 3

Projet de note

Draft Memorandum

SECRET [London], May 1, 1960

PRIME MINISTER'S CONVERSATIONS AT CHEQUERS WITH
THE PRIME MINISTER OF PAKISTAN AND THE MINISTER OF JUSTICE OF CEYLON

Effect of South African Issue on Communist Standing in Asia

Field Marshal Ayoub Khan and Mr. Cooray had both expressed the opinion that developments in South Africa had contributed substantially to reviving communist influence in Asia. Mr. Cooray had said that the damage which Communist China had done to its own position in Asia had been largely obscured by the news from South Africa. Moreover Asian opinion was coming to the conclusion that the Commonwealth did not really stand against racial discrimination.

Ayoub Khan had said that he feared that before long communism would envelop Burma and Thailand, that it would spread to Sumatra and in this way constitute a threat to Australia. He thought that the check administered to communism in the state of Kerala was temporary and illusory since it had been brought about in an artificial way by the intervention of the Indian Government in the recent elections.

Indo-Pakistan Relations

Ayoub Khan repeated the view which he had expressed in 1958 to the Prime Minister that there was no one on the horizon in India to take Nehru's place. He was critical of President Eisenhower for the "promise of protection" against the Chinese which the President had given to Nehru last December. In Ayub's view it would have been better if Nehru had first been brought to realize the dangers of communism. Instead he had been, as the Prime Minister put it, given an insurance policy against Chinese communism without having been required to pay the premium. Ayoub also complained that although Pakistan had stood with the West against communism he had never been given as comprehensive a "personal assurance" as Nehru had received from President Eisenhower. He was strongly of the view that Pakistan should receive more encouragement and reward for its anti-communist record.

[16] Voir 6e partie, section (e) (i) de ce chapitre./See Part 6 (e) (i) of this chapter.

Ayoub had emphasized the urgency and importance of a settlement in Kashmir. He had also spoken briefly of the Indus Basin agreement saying the postponement of the signature date was attributable to difficulties which it would not take long to surmount.

366. H.B.R./Vol. 3

Note

Memorandum

SECRET [London], May 3, 1960

PRIME MINISTER'S CONVERSATION WITH MR. LOUW

The Prime Minister saw Mr. Louw for 45 minutes from 5.00 p.m. on Monday, May 2. The atmosphere of the conversation was cordial.

2. Mr. Louw said that he wished to make it plain that notwithstanding international criticism, the South African Government firmly intended to maintain without change the broad lines of its racial policies. At the Prime Minister's meeting he would strenuously oppose any formal discussion of the issue. If the Prime Minister of Malaya raised it, he would immediately challenge the propriety of discussions on the internal affairs of member countries. He would refer back to precedents in which the principle of non-interference had been firmly established. If necessary he would turn the tables on Malaya by charging that the Malayan constitution discriminated against Chinese and that the Malayans were therefore in no position to put South Africa in the dock. He would have no objection to informal private talks with Prime Ministers individually or with small groups of Prime Ministers but nothing that any Prime Minister could say would make any difference.

3. Mr. Louw spoke of communist influence in the African National Congress implying that the outbreaks of violence were inspired by agitators and lacked spontaneity. He denied that the police had fired on the backs of demonstrators at Sharpeville. The Prime Minister thought that Mr. Louw was especially sensitive on this last point.

4. Referring to the Norman Philips case, Mr. Louw said that it was typical of the distorted press treatment which the outside world was being given of the South African scene. He had personally seen (and read to the Prime Minister) a despatch to Philips from the *Toronto Star* to "get more blood and guts."

5. In speaking to Mr. Louw, the Prime Minister described the strength of Canadian feeling and said that unless there was some liberalization of the South African Government's racial policies, the Canadian Government would find it increasingly difficult to maintain the moderate line which it had adopted in the recent past.

367. DEA/14020-C-14-3-40

Le haut-commissaire au Royaume-Uni
au ministre des Finances

High Commissioner in United Kingdom
to Minister of Finance

TELEGRAM 17 London, May 5, 1960

SECRET. NO DISTRIBUTION. EMERGENCY.

Repeat External A.E. Ritchie (Information).[17]

For Honourable D.M. Fleming

The Prime Minister wishes me to let you and his colleagues know immediately that the circumstances here at the Commonwealth Conference this morning were such that he felt he should support without delay for consultation the suggestion made by Nkrumah and supported by Menzies and Nash that consideration should be given right away to a plan for aid to countries in Africa similar to the Colombo Plan for Asia.

In speaking in support of this proposal the Prime Minister emphasized that it would be well for the Commonwealth to take early action on this matter because the situation in South Africa makes it imperative that early attention be given to a positive approach to the needs of the new countries of Africa. He felt that these countries should not repeat not feel that the people of the industrial countries are indifferent to their needs.

The Prime Minister suggested that the Conference should consider setting up a committee or group to study aid to Africa. In speaking of this he mentioned what Canada is doing under the technical assistance programme mainly for Ghana and Nigeria, as well as in the educational programme, but he used the words "substantial expansion of aid to Africa" in connection with the main suggestion.

We will be sending you the official minutes of the PM's remarks tomorrow when we have them but we thought that you would like to have them immediately, possibly for Cabinet consideration today as this matter may break in the press here tonight or tomorrow morning.[18]

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[17] Note marginale :/Marginal note:
Seen. A.E. R[itchie]
Also shown to Mr. Cadieux, Mr. Glazebrook and Mr. D.R. Taylor. A.E. R[itchie]

[18] Pour les développements subséquents voir la 9e partie, section (b)./For subsequent developments, see Part 9 (b).

368. DEA/50085-H-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1414 London, May 6, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: Our Tel 1413 May 6.†

Repeat Prime Del (Information).

By Bag Capetown, Kuala Lumpur from London.

SOUTH AFRICA STATEMENT BY PM OF MALAYA

The minutes of Prime Ministers' fifth meeting, held on Thursday May 5 at 10.30 a.m. refer to South African issue in the following terms under the heading "procedure."

"Tunku Abdul Rahman asked whether it was consistent with the recognized procedure at Commonwealth Prime Ministers' meetings that one of their number should hold a press conference on a matter which was still the subject of discussion.[19] If statements were made outside the meeting any further discussions on the subject might well be prejudiced.

Dr. Nkrumah said that he had also felt concerned on this point but thought that it would be preferable to defer dealing with the procedural issue until further private and informal discussions on the subject had taken place.

Mr. Nehru asked whether there would be a subsequent opportunity for the meeting to discuss the racial question and its effect on the Commonwealth, as a general matter and not repeat not in relation to the policies of any particular country.

Mr. Macmillan expressed the view that this might be arranged in the following week, either when the meeting considered Commonwealth constitutional developments or when regional problems were discussed."

2. CRO view at the official level is that the Tunku's forthright and bitter statement coming on the heel of Mr. Louw's uncompromising press conference means that the determined attempt on the part of Mr. Macmillan and other Prime Ministers to take the heat out of the apartheid issue may have failed. Speaking in strict confidence Clutterbuck told us that almost anyone would have been preferable to Mr. Louw as an exponent of South Africa's policies. His contentious personality had made discussion even more difficult.

3. At Prime Ministers' meeting yesterday afternoon Mr. Macmillan enquired whether it was desired that the informal discussions on South Africa should continue after the meeting. In reply Mr. Louw said that as the Tunku had issued a statement[20] containing a personal attack upon him he was not repeat not prepared to continue with the informal meeting at present and under the circumstances he would seek postponement of any further special talks. To this the Tunku made no repeat no comment. Mr. Macmillan then remarked that he had been unable to find any precedent for a press conference being given during a Prime Ministers' meeting. In his capacity as Chairman, and saying that he spoke with diffidence, Mr. Macmillan then appealed to his colleagues for reflection upon the serious issues involved. "All of us" should try to avoid becoming diverted from the main purposes of the meeting. He expressed the hope

[19] Voir/See "Louw Says Whites Will Not Abdicate," *New York Times*, May 6, 1960, p. 11.

[20] Voir/See Walter H. Waggoner, "Apartheid Talks Erupt in Dispute," *New York Times*, May 6, 1960, p. 3.

that all would exercise a self-denying ordinance in respect of the press over the long weekend. Mr. Diefenbaker intervened in support of Mr. Macmillan's remarks and at this point took up the matter of Mr. Louw's references to himself (this has already been reported in Prime Delegations' Telegram 18 May 5)† the meeting then adjourned.

4. Our colleagues at Malaya House have told us that the Tunku is entirely serious in his proposal to consider collective action against South Africa upon his return to Malaya. Malayans have already met with Ghanaians and there is a possibility that the matter may be raised formally at Prime Ministers' meeting when the future of the Commonwealth is discussed next week.

5. The effect of these developments on the press has been that comment on Prime Ministers' meetings is now taken up almost exclusively with South African issue. The *Guardian* speculates that there is "a distinct possibility of an international trade boycott at government level directed against South Africa." And most papers comment upon the breaking of precedent by both the Tunku and Mr. Louw in their public and highly critical statements.

6. *The Times* after stating that "most if not repeat not all Commonwealth delegations clearly believe that this open wound to Commonwealth harmony is directly Mr. Louw's fault" and that "their sympathies are with the Tunku," speculates that Mr. Diefenbaker, Sir Roy Welensky and Senator Cooray may still have their turn at informal conversations. Alternatively *The Times* suggests that the conference might leave the issue temporarily until after Mr. Hammarskjöld's talks with Mr. Louw in London.

369. DEA/50085-H-40

Note de l'adjoint spécial au secrétaire d'État aux Affaires extérieures

Memorandum by Special Assistant to Secretary of State for External Affairs

SECRET [London], May 7, 1960

PRIME MINISTER'S CONVERSATION WITH DR. NKRUMAH
MAY 7 - 8:30 A.M. — SOUTH AFRICA

Dr. Nkrumah said that Mr. Louw's tactics so far in the meeting had produced a situation in which he felt that he had no alternative but to move a resolution condemning South Africa out of hand. He was thinking of doing this at the morning meeting on Monday, May 9. (The Tunku had spoken in similar terms to the Prime Minister in a casual conversation at Princess Margaret's wedding.)

The Prime Minister said to Dr. Nkrumah that he thought there were serious dangers inherent in pursuing a condemnatory resolution. There were two basic objectives within the Commonwealth — parliamentary government and equality of race. If Dr. Nkrumah were to seek to have the meeting condemn South Africa for its racial policy, he would be exposing himself to attack on the grounds that parliamentary liberties were denied in Ghana. Dr. Nkrumah replied that if such an attack were mounted against Ghana, he would not take it lying down. He would feel free to point out that the same criticism could be directed with even greater force against Pakistan. The Prime Minister continued to advise against the idea of condemnatory resolutions, while acknowledging the necessity of finding some means of registering publicly the strong feelings held and expressed by the various Prime Ministers regarding South African policy. The Prime Minister suggested that this latter objective might be met by the following two-stage arrangements:

(a) The meeting on Monday might issue a communiqué recalling the agreement reached earlier for the holding of informal talks; it might go on to say that these talks had been held

and that each of the Prime Ministers had emphasized to Mr. Louw their condemnation of South African racial policies;

(b) In the final communiqué at the end of the Conference, it would be announced that the Prime Ministers had agreed to meet again within a year. It would be implied but not stated that the Prime Ministers would thus be afforded a further and fairly early opportunity to review the South African situation.

The Prime Minister said to Dr. Nkrumah that if by that time the South African Government had taken no substantial steps of moderation, the justification for even stronger pressure on South Africa by the Commonwealth Prime Ministers would be much greater.

Dr. Nkrumah reacted favourably to the Prime Minister's suggestions and thought that they were worth pursuing. He was of the opinion that developments in South Africa within the next year would in all probability bring about important political changes in South Africa. He forecast, for instance, that in three months from now South Africa would suffer a serious financial crash. The gold reserves and foreign assets of the South African Reserve Bank had fallen recently from £153 million to £130.3 million including a drop of £7.4 million in the last week. Apart from financial and economic influences, political pressure both external and internal would, Dr. Nkrumah thought, bring about a downfall of the present government and its replacement by a coalition administration. Dr. Nkrumah gave other illustrations to show, as he put it, that now was the time to apply the utmost pressure to break the South African Government but in general he seemed to accept the two-stage suggestion put forward by the Prime Minister. In the course of discussing the possible political improvements in South Africa, Dr. Nkrumah said that even if four Africans were made members of parliament, this would be a significant step in the right direction.

The Prime Minister reported to Mr. Macmillan the results of his conversation with Dr. Nkrumah. Mr. Macmillan's initial reaction to the suggestion for a communiqué after the meeting on Monday, May 9 was favourable and he said that he would take it up immediately with Lord Home and have it examined. With regard to the idea of holding a further meeting of Prime Ministers within a year, Mr. Macmillan also reacted favourably although he thought that it would be preferable not to link this idea with the treatment of the South African problem. He considered that the Prime Minister's suggestion might be met by some statement in the final communiqué whereby the Prime Ministers would agree that the gap in time between the present and the next meeting should be much shorter than that between the present and the last.

The Prime Minister expects to have an opportunity to discuss these questions with Lord Home at Dorneywood during the weekend. He would like officials to consider how his suggestions might be worded for purposes of the discussion concerning a communiqué on Monday. He agreed that a Departmental text which had been prepared as a possible appendix to the final communiqué might serve as a useful foundation but he thought that the language of that text as presently phrased was not sufficiently blunt to appease the mood of Dr. Nkrumah and the Tunku and others.

H.B. R[OBINSON]

370. DEA/50085-H-40

Le secrétaire d'État aux Affaires extérieures
à la délégation à la réunion des premiers ministres

Secretary of State for External Affairs
to Delegation to Prime Ministers' Meeting

TELEGRAM K-164 Ottawa, May 7, 1960
SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.
Reference: London Tel 1414 May 6.
Repeat London (OpImmediate) (Information).

PRIME MINISTERS' MEETING — SOUTH AFRICAN QUESTION

Following for Under-Secretary

Papers prepared in Department for Prime Ministers' meeting did not repeat not envisage situation as difficult as has arisen through successive moves by Malayan and South African representatives, or likelihood of discussion in formal session, as now appears to be accepted as virtually inevitable for next week. We realize that there will have been much corridor discussion and perhaps one or more conciliation attempts, by our Prime Minister or others. It is with considerable diffidence, therefore, that we pass along some observations on situation as it appears from this distance and in our present state of knowledge.

2. As a general observation, it would appear to us that present situation — whatever harsh words may be exchanged publicly or in private — does not repeat not pose serious threat to Commonwealth itself so long as Commonwealth divides nine to one or nearly so. Serious danger might arise, however, if some secondary issue growing out of South African question (e.g. disapproval of impetuous and ill-advised moves by Malayan Prime Minister, contrary to advice of more experienced colleagues) should divide Commonwealth more nearly five-five and on old-new or white-non-white lines. It would seem to us that there might be value in general recognition of this particular danger, through informal conversations, coupled with warning for old and new alike against allowing virtual unanimity on vital question of racial discrimination itself to be lost over some subsidiary issue or non-essential aspect of central issue.

3. *South African — Malayan Flare-up.* From this distance, most harmful and also most unacceptable feature of Louw's press conference appears to have been that he succeeded in conveying clear impression that his mind and indeed mind of South African Government was absolutely closed; that any representations which might be made to him by anyone were utterly rejected in advance as based on inadequate, inaccurate or deliberately distorted reporting of true facts which, if known, could only show South African Government to be above reproach. While this may not repeat not be far from true picture of Louw's state of mind, we doubt whether South African Government would agree to statement of case in quite such extreme terms.

4. If this is so, we wonder whether someone might approach Louw and see if he could agree to the following description of his position: that it had not repeat not been his intention, at his press conference, to give impression that his mind and mind of South African Government were irrevocably closed on question of his government's racial policies; he would be surprised, indeed, if it proved to be the case that anything he had said could have left such an extreme impression; he and his colleagues were of course convinced of rightness of their policies, or they would not repeat not continue to pursue them; he, Louw, would certainly be unable to promise any change in his government's policies as result of representations which might be

made to him in London; he had been fully prepared, however, to listen with interest and attention to representations which might be made to him by any Commonwealth leaders in London — at same time, naturally, seeking to correct any misconceptions on which their ideas might be based — and to report them faithfully to his colleagues in South African Government; South African Government, he was sure, would consider them on their merits.

5. If Louw could agree to this sort of definition of his position — which does not repeat not, so far as we can see, contain anything to which South African Government would be unable to subscribe, or even appear to involve any actual retraction on Louw's part — he might, we suggest, be asked if he would allow such a clarification of his position to be conveyed to Tunku, and whether he would be prepared, if it seemed likely that this would serve a useful purpose, himself to make a clarifying statement along these lines at suitable occasion in formal meeting.

6. If this much could be achieved, it would appear to us that there might then be basis for reinstating scheme of informal meetings, with consequent reduction in temperature all around and possibility that final communiqué would not repeat not need to record failure of other members even to get their views across to Louw.

7. Giving free rein to our probably ill-informed optimism, we can even imagine (as result of further diligent suasion by their colleagues) Tunku himself consenting to speak to Louw and Louw consenting to hear him. In these circumstances it would probably be necessary to consider how to leak to press in advance of final communiqué (and without new Louw press conference) his clarified position and Tunku's acceptance of it.

8. Short of this improbably happy ending, however, there does appear to us to be some room for Louw to modify extreme impression he conveyed by press conference. Danger — to be avoided, we assume, if at all possible — would be that Louw might prove agreeable but that Tunku might then be left seemingly isolated in intransigence.

9. Incidentally, if you have considered some such action as foregoing, you will also doubtless have considered as last resort possibility of one or more Prime Ministers' appealing direct to South African cabinet, if Louw should decline to cooperate in any conciliatory move. Such appeal, especially since Verwoerd's operation reported today, would presumably be addressed to Honourable Paul Sauer (still, we understand, Acting President of Cabinet), with Louw informed before or after event. We can envisage some advantage to direct appeal, particularly if South African cabinet has been getting its impressions of Prime Ministers' views almost exclusively through Louw's reports.

10. My immediately following telegram gives some departmental thinking on possible discussion on racial discrimination question during formal meeting next week.

371. DEA/50085-H-40

Le secrétaire d'État aux Affaires extérieures
à la délégation à la réunion des premiers ministres

Secretary of State for External Affairs
to Delegation to Prime Ministers' Meeting

TELEGRAM K-165 Ottawa, May 7, 1960
SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.
Reference: My immediately preceding Tel.
Repeat London (OpImmediate) (Information).

PRIME MINISTERS' MEETING — SOUTH AFRICAN QUESTION — POSSIBLE DISCUSSION BY FORMAL MEETING NEXT WEEK

Following for Under-Secretary

We find it difficult to envisage what useful result this perhaps inevitable discussion can achieve, apart from enabling some present to relieve their feelings and (less likely to be fruitful) providing opportunity for impressing South African representative with extent of feeling against his government. Latter purpose might be frustrated to extent that speakers dealt with matters which were demonstrably business of South African Government alone; if this became general trend of interventions, moreover, Louw might fairly reasonably walk out.

2. In these circumstances it seems to us that useful Canadian contribution (admittedly to debate itself rather than to any substantial objective of debate) might be to define at outset area in which Commonwealth as collective entity could legitimately concern itself with policies of racial discrimination pursued by one member; commend that definition to meeting; and subsequently do whatever might appear possible to keep discussion within bounds defined.

3. It might be said, for example, that human rights and fundamental freedoms are legitimate concern of all men everywhere; that this concern knows no repeat no political boundaries and none repeat none can be imposed upon it. On the other hand, states and associations of states such as the Commonwealth, are under restrictions arising from terms of their association (as in case of UN) or from awareness either of their simple inability to intervene in area of internal jurisdiction of any sovereign state, or of unlikelihood that their association could survive for long if they sought to do so.

4. These considerations prevent, and in our view should continue to prevent, consideration by Commonwealth collectively of racial policies of South African Government insofar as their internal effects in South Africa are concerned — however ill-advised or unjust other members might consider such policies to be.

5. There is third area of concern, however, which cannot repeat not be overlooked. It arises from legitimate concern of individuals anywhere in questions of human rights. When such concern on part of individuals reaches certain recognizable proportions, it (as distinct from circumstances which gave rise to it) can become matter not repeat not only of legitimate but of unavoidable concern to states and associations of states which are affected by it. With respect to South African racial questions, this phenomenon can be illustrated in domestic, United Nations and Commonwealth contexts.

6. In domestic sphere, for example, there are states where concern of individuals over South African questions has reached such proportions that their governments could only ignore this concern at their political peril. For a government to take cognizance of a political fact of this nature does not repeat not constitute interference in internal affairs of South Africa.

7. In UN context, familiar annual dilemma could be cited. This dilemma most seriously affects not repeat not those states which South Africans might regard as their enemies but rather those states which are most inclined to be well disposed to South Africa, to shield Union from extreme condemnation and to give Union Government every opportunity to work out own problems, but which are nonetheless forced to choose between these inclinations and friendship of other nations whose individual and national self-respect have been outraged by racial philosophy South African leaders espouse. Recognition of this very real dilemma in national policy does not repeat not constitute interference in South Africa's internal affairs.

8. Finally, in Commonwealth context there is crisis which has arisen in this instance, whose existence and whose gravity no repeat no one could deny. Recognition of this problem and discussion of what to do about it cannot repeat not be held to be intervention in internal affairs of South Africa.

9. Suggested Canadian argument, then, would be that members restrict themselves to these undeniable external repercussions of South African racial policies.

10. One incidental advantage would be that restricting debate in this way would largely vitiate Louw's customary reply to criticism namely that the critics do not repeat not know what they are talking about. Under these circumstances, representatives would be speaking of phenomena external to South Africa (although resulting from South African actions) about which they would undeniably know much more than Louw.

11. If this line of argument commended itself to you as appropriate for Canadian intervention, we would suggest that it be preceded by attempt to put question of South Africa's racial problems into some sort of perspective. Comparison might be made, for example, between failure (as it is widely believed) of South Africa to achieve satisfactory pattern of relationships between groups of different skin colour, historical background and degree of economic and cultural advancement, and rather similar failure in international field to solve many outstanding differences based on historical circumstances, nationalistic attitudes, questions of colonialism and — once again — degree of economic and cultural advancement. Hope of solving many outstanding international problems of the type rests very largely, we believe, on our ability to approach them in humility and in full awareness of their complexity and intractability. In narrower field of South Africa's problems, similar attitude of humility could be commended not repeat not only to South African leaders but also to their critics — ourselves included.

372. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], May 10, 1960

Present:

The Secretary of State for External Affairs and Acting Prime Minister (Mr. Green) in the Chair,
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General and Acting Secretary of State (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),

The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker).

The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin), (Dr. Hodgson).

COMMONWEALTH PRIME MINISTERS' CONFERENCE

(Previous reference May 5)

1. *Mr. Green, as the Acting Prime Minister* said he had been talking to the Prime Minister on the telephone who had informed him that apartheid in South Africa was still the main topic of interest at the Prime Ministers' Conference. Mr. Louw was very difficult to deal with. His comments at a recent press conference had thoroughly angered the Malayan Prime Minister who had, as the press noted, spoken out strongly in reply. Mr. Green said that when he had left London, Mr. Diefenbaker had in mind proposing that a statement be made by all but South Africa that they had registered their complaints and that another meeting would be held within a year. Mr. Green was not sure yet what the outcome of this proposal would be.

In London, Mr. Diefenbaker had been pressed hard on the subject of nuclear tests. The United Kingdom, the United States and Russia were trying to reach agreement on the scope and extent of tests for purposes of detecting atomic explosions. This programme involved the establishment of listening posts throughout the world. As part of their share in this programme, the British wanted to have two such monitoring stations located in Canada. The Canadian High Commissioner in London wanted Canada to agree to this. Mr. Diefenbaker had told the U.K. Prime Minister that he could not reach a decision at the moment. The matter would be dealt with when Mr. Diefenbaker returned. The United States had complicated matters by announcing unilaterally that they proposed to undertake certain tests.

Mr. Drew was also anxious that a convention concerning the Law of the Sea be signed by the countries which had supported the Canada-U.S. joint proposal at the recent conference in Geneva. It appeared now that Norway and Ireland would probably make a declaration, coming out in favour of the 12-mile limit for territorial waters. This whole matter should be reviewed further here; no hasty decision should be taken.

Reverting to the Prime Ministers' meeting, Mr. Green said that if anyone could find a solution to the apartheid problem, it would be Mr. Diefenbaker, who was on very friendly terms with Nkrumah and Tunku Abdul Rahman of Malaya. Louw was just impossible. He had antagonized the press and was making the situation more difficult day by day.

2. *The Cabinet* noted the report of the Acting Prime Minister on developments in London at the Conference of Commonwealth Prime Ministers.

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373. DEA/50085-H-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1458 London, May 11, 1960

SECRET. CANADIAN EYES ONLY. OPIMMEDIATE. NO REPEAT NO DISTRIBUTION.

Reference: Our Tel 1326 Apr 28.†

Repeat Prime Del (Information).

PRIME MINISTERS' MEETING: COMMONWEALTH CONSTITUTIONAL DEVELOPMENT

The 8th Meeting of the Prime Ministers held on May 10 dealt with Commonwealth constitutional issues. At the request of the delegation this telegram has been drafted to give you an advance indication of the decisions reached and the main trends revealed at the meeting. It is based upon the uncorrected minutes of the meeting.

2. *Ghana as a Republic.* Dr. Nkrumah summarized developments leading up to the recent plebiscite. This had shown a substantial majority in favour of the draft Republican Constitution which contained the provision that a Republic should be declared on July 1. He had already informed the Prime Ministers of this proposed change and of Ghana's desire to maintain her association with Commonwealth. Mr. Macmillan thanked Dr. Nkrumah on behalf of the meeting for his advance info. He said that UK welcomed Ghana's wish to remain in the Commonwealth and hoped other countries would do likewise. The meeting agreed unanimously that Ghana, after the declaration of a Republic, should remain in Commonwealth.

3. *South Africa as a Republic.* Mr. Louw said that he had received instructions from Dr. Verwoerd to put to the meeting the specific question whether South Africa, in its present form as a monarchy, was still welcome in Commonwealth. Discussion showed that the meeting was in general agreement with the view that a solution to present differences could be better reached by Commonwealth remaining united; but acceptance of South Africa as a member of Commonwealth did not repeat not imply approval of her government's racial policies on which there was indeed a strong divergence of opinion.

4. Mr. Louw then turned to the referendum on the question of a Republic. South African Government had informed Parliament of their decision to hold a referendum and had at the same time given assurance that when its date was announced the government would say whether the Republic would remain a member of Commonwealth. But South African Government did not repeat not wish to announce this without having received the consent of all the other members. He had therefore been asked to seek a decision from the present meeting.

5. Mr. Macmillan drew a distinction between Ghana and South Africa on the one hand and between India, Pakistan and Ceylon and South Africa on the other hand, (along the lines set forth in our EL-556 February 25).† He also pointed out that the meeting was being asked to deal with a hypothetical situation.

6. In the course of discussion it was suggested that a decision by the meeting to agree to admit South Africa into Commonwealth, if the result of the referendum were in favour of a Republic would anticipate the referendum and indeed would amount to interference in an issue of domestic policy. It was also pointed out that the opposition in South Africa was opposed to the declaration of a Republic and that the referendum would be based on the present electoral lists which excluded a majority of the adult population. Summing up, Mr. Macmillan

suggested that since South African Government had decided to proceed by way of a referendum the best course would be to wait until it had taken place and then for Commonwealth to act as quickly as possible on South African request. He thought that the final communiqué of the meeting might refer to Mr. Louw's statement of South Africa's intentions and might record that the meeting had taken note of this.

7. *South West Africa.* During the course of the above discussion, Mr. Nehru raised the question of South West Africa. If a referendum were to be held there this would raise difficult issues affecting the status of the territory. Further, on the basis of the present voting lists the views of South West Africa would be expressed by a small minority. This appeared to confirm the continuance of a state of affairs in South West Africa to which India and many other countries had strongly objected.

8. Mr. Louw said it had originally been intended that South West Africa should not repeat not take part in the referendum, but as it had several representatives in the Union Parliament the government had decided that it would be anomalous to exclude it. The inclusion of South West Africa in the referendum did not repeat not in any way affect the constitutional position of that territory in relation to South Africa.

9. *Future Membership of Commonwealth.* Mr. Macmillan said that within the next ten years the number of independent viable countries would bring the potential membership of Commonwealth up to about 16 countries. It was also important that consideration should also be given to the future of the smaller territories. Should the meeting admit to full membership a country, however small, on attaining independence? Or should an attempt be made to find a new status other than full membership? He cited Cyprus as a case in point.

10. Lord Home said that discussions with Cypriot leaders had shown that it would not repeat not be easy to convince them that any solution short of full membership would be acceptable. Mr. MacLeod spoke of Cyprus, Sierra Leone, British Guinea, and some 29 other dependent territories. It might be impracticable to devise a formula which would apply to all the smaller territories; a different solution might have to be proposed in each case to meet differing circumstances.

11. Senator Cooray (Ceylon) said that in view of the special relations which Cyprus had with Greece and Turkey it was for consideration whether it would be appropriate for it to remain in Commonwealth at all. As regards smaller territories, one solution to the problem of Prime Ministers' meetings becoming unwieldy might be to organize regional conferences from which certain items could come forward to the main conference.

12. Summing up, Mr. Macmillan suggested that a committee of officials drawn from four or five Commonwealth countries and under the chairmanship of Sir Norman Brook, might study the problem of Cyprus and of the other smaller colonial territories and prepare a report within four or five months for consideration by all Commonwealth governments. The meeting expressed agreement in principle with this suggestion.[21]

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[21] Note marginale :/Marginal note:
Copy has been sent to the minister. G. de T. G[lazebrook]

374. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], May 14, 1960

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General and Acting Secretary of State (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Dr. Hodgson).

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COMMONWEALTH PRIME MINISTERS' CONFERENCE; SOUTH AFRICAN APARTHEID POLICY
(Previous reference May 10)

7. *The Prime Minister* reported that a position similar to that taken by the Canadian government on the South African apartheid policy had received unanimous support at the Commonwealth Prime Ministers' Conference. Even the South African representative had supported the final communiqué,[22] although possibly he had not fully appreciated its implications.

Mr. Diefenbaker said he had had several informal talks with Mr. Louw, but had found him completely unyielding. He had suggested that South Africa might allocate perhaps 4 of the 156 parliamentary seats to negro representatives, but Mr. Louw indicated that the South African government would not give any such seats even in the face of opposition from all nations of the world. In a press conference Mr. Louw had stated that by 1970 the United Nations would be dominated by the coloured nations of Africa and Asia and by the communists, and that this would mean disaster for the nations of the white race. Mr. Diefenbaker had commented privately to Mr. Louw on the recent rapid decline in South African stocks on the British market, but Mr. Louw had stated that this would not lead to a change in their racial policy. South Africa was proposing to incorporate Southwest Africa within the Union, although this territory was held only by mandate from the United Nations.

If Commonwealth Conferences should once adopt the majority vote as a means of reaching its decisions, the non-white majority at the next conference would probably support free

[22] Voir « Communiqué final », *Affaires Extérieures*, vol. 12, n° 6 (6 juin 1960), pp. 650 à 653.
See "Final Communiqué," *External Affairs,* Vol. 12, No. 6 (June 1960), pp. 646-649.

migration of peoples. Such an immigration policy was clearly unacceptable to the Canadian people.

At the Conference Mr. Louw had stated at one point that he would remain at the meeting only if the Prime Ministers would indicate categorically (a) whether they wished South Africa to continue in the Commonwealth as a monarchy and (b) whether assurance could be given to the South African people in advance that, if a referendum was held on the question of republican status, the nations of the Commonwealth would accept South Africa as a member regardless of the outcome. All representatives had replied to the first question affirmatively, but Mr. Diefenbaker had suggested that no advance assurance should be given on the second point because this would in effect constitute interference in the domestic affairs of a member-nation. The Conference had accepted this viewpoint. Thereupon, Mr. Louw had asked for mere verbal assurance on this point, but the Conference had declined. The final draft of the communiqué of the Conference had stated that the choice between the status of a republic or a monarchy was South Africa's own, but that, if a republican status were chosen and if the desire was "subsequently" expressed to remain a member of the Commonwealth, the meeting suggested that the South African government should then ask for the consent of the other Commonwealth governments.

The result of the conference was gratifying on the whole, and in line with the government's predictions. South Africa would be obliged to take some action to modify its apartheid policy if it wished to remain within the Commonwealth.

Mr. Macmillan's explanation of the recent motion in the British House of Commons was not convincing. He had stated that the motion had been moved by a private member, that it did not constitute condemnation of South Africa and that it did not bind the U.K. government.

Editorials in U.K. newspapers were expressing the view that the Commonwealth might endure for one more year, but they showed little hope that it would cohere much longer. The next Commonwealth Conference would probably be held within 18 months.

At the meeting Mr. Nehru had been rather non-committal. Mr. Nkrumah had been alert but deliberate and restrained in the discussions. Mr. Diefenbaker had drawn Her Majesty's attention to the anomalous fact that Mr. Nkrumah, though President of a Republic which did not recognize the Queen, had nevertheless recently been made a Privy Councillor.

8. *The Cabinet* noted the statement of the Prime Minister on the formal and informal discussions of South African apartheid policy in which he had participated at the time of the Commonwealth Prime Ministers' Conference.

JEAN FOURNIER
Assistant Secretary to the Cabinet

375. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], May 16, 1960

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Transport (Mr. Hees),
The Solicitor General and Acting Secretary of State (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),

The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister without Portfolio (Mr. Browne),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).

The Assistant Secretaries to the Cabinet (Mr. Fournier), (Dr. Hodgson).

COMMONWEALTH PRIME MINISTERS' CONFERENCE; SOUTH AFRICAN APARTHEID POLICY

(Previous reference May 14)

1. *The Prime Minister*, in continuing his report, gave a general outline of the discussions held at the Commonwealth Prime Ministers' Conference.

The birth of many small nations emerging from colonial status would pose a serious problem for the Commonwealth. Nigeria was about to become autonomous, and Sierra Leone, Gambia and others would follow. Cyprus might also remain within the Commonwealth framework. Somaliland would leave the British orbit and would join with French Somaliland in a new state of Somalia. The problem was how to prevent the larger members of the Commonwealth from being engulfed at Commonwealth Conferences by representatives of the many new states. Some had suggested a regional system of representation or a technique of rotation like that used in the Security Council.

Mr. Louw had stated that Canada's position on apartheid was most unfair and that the press in Canada had been reporting in a hostile and misleading way. One Canadian newspaper had instructed its reporters to emphasize the sensational side of the racial difficulties.

Mr. Louw's case was plausible. He had pointed out, and competent English observers agreed, that South Africa had raised the living standard of its native population higher than any other state in Africa. He had contended that the apartheid policy represented the only possible salvation of South Africa, and that it had been instituted by General Smuts and confirmed by the nation in 1948. Self-government could not be imposed from above upon an untrained body of citizens, but already the black population was beginning to practise self-government in various rural areas where no white man could hold office. The registration books should not be regarded as instruments of oppression, but were designed to prevent the entry of hordes of natives across an undefended frontier to take all available employment. Mr. Louw had also said that within his country neither the black nor the white people were generally opposed to the government. The principal criticism of his government was coming from two communist-led organizations the African Nationalists organization and the Africanas separatists which together had only 70,000 members. The Anglican Church had also been attacking the government.

2. *Mr. Diefenbaker* said the Canadian people should somehow be made aware of the implications for Canada of forthcoming changes in the composition of the Commonwealth. The U.K. allowed free migration of peoples, and as a result large-scale immigration of non-white people had already occurred and was continuing.

On the question of press reporting, Mr. Louw had been evasive when discussing photographs showing that coloured people had been shot in the back. He had stated, however, that seven policemen had previously been torn to pieces but that the newspapers of the world had not objected.

On assistance, the Prime Ministers of the underdeveloped countries said that if they did not receive assistance from their associates in the Commonwealth, they would get it from the communists. Some 400 Soviet technical experts had been sent to Guinea, for example, following the French withdrawal from that country. Mr. Diefenbaker had indicated opposition to the arrangement whereby India would obtain large quantities of wheat from the U.S. He had pointed out that the U.S. was in a position to take payment in rupees and to use them for defence and other purposes, whereas Canada could not. Mr. Nehru did not discuss the subject. Mr. Diefenbaker had said that Canadian aid to Commonwealth countries would consist chiefly of exchange scholarships and technical assistance, and those present agreed that these were the chief needs. He had pointed out that Ghana had given no credit to Canada for helping it to establish a police force patterned after the R.C.M. Police and to institute company law.

He believed the Conference had been wise in deciding to abstain from interfering in the domestic affairs of Commonwealth members. Mr. Nehru had taken a strong stand against any condemnation of South Africa, and doubtless one reason for his attitude was the fact that his position on Kashmir would be imperilled if such interference were allowed to begin. Serious concern was felt in London regarding the future of India. There was no apparent successor for Mr. Nehru, and grave danger existed that Communism might sweep the country following his death.

All Prime Ministers at the Conference agreed that any effective disarmament plan would require the participation of China.

3. *Mr. Diefenbaker* said he had had discussions with the Head of the British Atomic Energy Authority, who had stated that by 1978 a new nuclear device would be in existence which would be capable of blowing the entire planet to dust in a single explosion.

4. *The Cabinet* noted the further report of the Prime Minister on the discussions held at the Commonwealth Prime Ministers' Conference and on other discussions in which he had participated during his visit to London.

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376. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], October 4, 1960

Present:

The Secretary of State for External Affairs and Acting Prime Minister (Mr. Green), in the Chair
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General and Acting Secretary of State (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker),

The Associate Minister of National Defence (Mr. Sévigny).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Dr. Hodgson).

. . .

SOUTH AFRICA

1. *The Secretary of State for External Affairs* said that the people of South Africa would vote on October 5th on the future status of their country, and probably the majority would favour a republic. A despatch had been received from London† indicating that the U.K. government was urging spokesmen for the Commonwealth countries to abstain from making public statements on South Africa at this time.

A letter had been sent by the U.K. government to some Commonwealth countries pointing out that any move to expel South Africa from the Commonwealth might disrupt the unity and world influence of the fraternity without helping the African people. The question of the future status of South Africa should be settled at a further meeting of Commonwealth Prime Ministers and not by letter. Prime Minister Macmillan undertook not to make any statement committing the U.K. to any particular view on the question, and he urged other Prime Ministers to follow suit.

While at the U.N. Mr. Macmillan had obtained assurance that Mr. Nkrumah would make no statement at this time despite his strong feelings. Mr. Macmillan had also discussed the question with Mr. Nehru. Obviously it was of cardinal importance that the future status of South Africa be resolved without splitting the Commonwealth.

14. *The Cabinet* noted with approval the views of the government of the United Kingdom that spokesmen for the Commonwealth countries should abstain from making public statements at this time on the national status of South Africa and its membership in the Commonwealth.

R.B. BRYCE
Secretary to the Cabinet

377. DEA/50085-J-40

Message du premier ministre du Royaume-Uni au premier ministre

Message from Prime Minister of United Kingdom to Prime Minister

SECRET Ottawa, October 27, 1960

Since I got back from New York[23] I have been reflecting on the developments in the United Nations and on the increasing state of tension throughout the world. The talks which I had in New York with many of my Commonwealth colleagues have encouraged me to think that it would be useful if we could hold a meeting of all the Commonwealth Prime Ministers at an earlier date than we have contemplated hitherto to talk things over and take counsel together. What I have in mind is a meeting which would concentrate on a few of the big subjects which are preoccupying men's minds all over the world. First there is disarmament, the crucial issue of our time. Then there is the future role of the United Nations itself and the ideas which are being canvassed for changes in its organization. These and other issues which are at present exercising world opinion are likely to come up for discussion at international conferences next

[23] Voir le premier chapitre, 1ère partie, section (d) (ii)./See Chapter I, Part 1 (d) (ii).

year — whether at the United Nations or at a summit meeting of some kind. I am sure it would be valuable if the Commonwealth Prime Ministers had been able to meet beforehand and discuss these issues among themselves. We could also take this opportunity, if the time is ripe, to discuss any outstanding issues about Commonwealth Membership in its various aspects.

As to the date, I am in the hands of my colleagues. But I believe that we should meet as soon as we can. As you know, The Queen will be visiting India and Pakistan in January and February. From what I know of the commitments of others I believe that the earliest practicable date is likely to be the beginning of March. I wonder therefore whether it would be convenient to all if we met in London on the 6th March for about one week.

On this occasion, if my suggestion is adopted, we should be aiming to have detailed discussion of a few major topics, rather than the usual broad review of the world situation as a whole. That being so it may be useful if we could exchange beforehand objective memoranda setting out our respective views on some at any rate of these topics.

I know that it may be difficult for you to get away. But in view of the great importance of the issues at stake I hope you will be able to manage it.

I am writing in similar terms to President Ayoub and all other Commonwealth Prime Ministers.

378. DEA/50085-J-40

Note de l'adjoint spécial au secrétaire d'État aux Affaires extérieures pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Special Assistant to Secretary of State for External Affairs to Under-Secretary of State for External Affairs

SECRET [Ottawa], November 3, 1960

SOUTH AFRICA AND THE COMMONWEALTH

During a conversation this morning about the next Commonwealth Prime Ministers' meeting, the Prime Minister made some comments on the South African question which I believe he intended to serve as guidance for officials.

In reply to a question I informed the Prime Minister that in recent weeks officials had been examining the various ways in which the South African issue might develop and the various solutions which were being canvassed in Ottawa and elsewhere. The Prime Minister said that he would like to see a paper along these lines; he understood that at this stage it would be difficult to produce particular recommendations.

The Prime Minister said that his views on this issue had undergone no change since the last meeting of Prime Ministers. He did not see how he could support South Africa's readmission if the Union Government continued to refuse to pay even lip service to the idea of racial equality. He recognized that major concessions were not possible but said that public opinion in Canada was so strong on this issue that, unless the South Africans made some move, e.g. in the direction of African representation in Parliament, he could not possibly afford to adopt at the next meeting an attitude as tolerant of South Africa as he had before and during the last meeting.

The Prime Minister said that his reaction to the position taken by Mr. Sandys in his conversation with the Prime Minister of Malaya, was not favourable.[24] He thought that it reflected the preoccupations of the financial community in the City of London but that as a solution it would not fill the bill either from the point of Canada or of most other Commonwealth governments. He said that the United Kingdom authorities should be informed that they could not assume the Canadian Government's concurrence in their present line.

The Prime Minister also said that he would approve an approach being made to the South African authorities with a view to informing them once again of the strength of Government and public opinion in Canada, and warning them that unless some solid sign of moderation were displayed on the racial issue they could not count on Canadian support on the issue of readmission.

The Prime Minister also said that in view of the relatively short time remaining before the next meeting of Prime Ministers, informal soundings might be taken with other Commonwealth governments with a view to keeping abreast of their thinking on this and other expected agenda items. It is left to the Department to determine the channels for such soundings. It would not of course be possible to speak with any certainty of the line which the Canadian Government intends to follow but to give some indication of the different possible courses of action, and of the factors involved, would I am sure be acceptable to the Prime Minister.

While the Prime Minister would, I think, wish to be consulted as to the substance of any communications to other governments, he did not say that such communications should be delayed until after he has had a chance to examine the paper referred to in paragraph 2 above. I am sure it would be his wish that preliminary approaches as indicated above should be undertaken without delay.

H.B. R[OBINSON]

379. DEA/50085-J-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM PM-9 Ottawa, November 5, 1960

SECRET. LIMITED DISTRIBUTION. OPIMMEDIATE.

Reference: Your Tel 3328 of Nov 2.†

NEXT MEETING OF COMMONWEALTH PRIME MINISTERS

The Prime Minister has now replied to Mr. Macmillan's message of October 27 on this subject. The text of the Prime Minister's reply, which has today been sent to Earnscliffe, is as follows: Text Begins: Thank you for your message of October 27 about the next meeting of Commonwealth Prime Ministers.

As you know, I always have been in favour of holding these meetings on something approximating an annual basis. For this reason and also because of the uncertain international outlook, I welcome your suggestion that we should meet again early in March. Parliament will

[24] De cette conversation, voir le document 435./On this conversation, see document 435.

be in session here at the time but I shall plan to be available if the dates which you have suggested suit the convenience of our other colleagues.

Your ideas about the agenda for the meeting are most interesting and helpful. I have no particular comments to make at this time except to say that the items which you suggest seem to me to meet the requirements of the situation very well. If I have any suggestions to make about the agenda or about the type of subject which might be suitable for an exchange of memoranda, I shall of course be letting you know. Text ends.

380. DEA/11827-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM PM-11 Ottawa, November 15, 1960

SECRET. LIMITED DISTRIBUTION. OPIMMEDIATE.

COMMONWEALTH PRIME MINISTERS' MEETING — SOUTH AFRICA

Following for the Honourable George Drew:

Will you please convey the following personal message as soon as possible to Prime Minister Macmillan: Text Begins: With a view to the next meeting of Commonwealth Prime Ministers, I have given some personal thought to the problem of South Africa's position with respect to the Commonwealth.

I know that you are hoping (as I am) that some way can be found to keep South Africa in the Commonwealth. In view, however, of developments since May which give no indication of any change of attitude by the Government of South Africa, I feel obliged to let you know now that unless significant changes occur in the Union government's racial policies, Canada cannot be counted on to support South Africa's readmission to the Commonwealth.

I intend to make my position known in a week or ten days to the Government of South Africa so that there will be no misunderstanding by that government of the Canadian position.

I hope that in the meantime this indication of my views will be kept confidential between us. Text Ends.

JOHN G. DIEFENBAKER

381. H.B.R./Vol. 3

Le haut-commissaire au Royaume-Uni
au premier ministre

High Commissioner in United Kingdom
to Prime Minister

TELEGRAM 3474 London, November 16, 1960

TOP SECRET. NO OTHER DISTRIBUTION. OPIMMEDIATE.

I had a long private conversation with Tunku Rahman, Prime Minister of Malaya, following a dinner which he gave last night at which Mr. Macmillan, Mr. Sandys and some of the other ministers were present. Naturally I gave no repeat no indication whatever of your

attitude in regard to South African situation or to any action you contemplated. He brought the subject up, however, and obviously wished me to let you know his views.

2. He said that Sandys had done his utmost to persuade him that he should accept it as an established principle that once a country is a member of the Commonwealth the question of its readmission does not repeat not arise, and that if there were to be any discussion of domestic problems in South Africa this should not repeat not relate to the question of readmission or otherwise. Tunku Rahman said that he had told Sandys that he was not repeat not prepared to accept this proposition. He said that the farthest he would go would be to support some device by which South Africa would be "on probation." I asked him exactly what he meant by this, and he said that he had not repeat not yet thought it out in detail because in fact he had not repeat not anticipated that such a proposal would be made as Sandys placed before him. He did say that Sandys had been very insistent and that he is to see him again. He is to let me know if there is any change in the situation.

3. He did indicate that for practical reasons Malaya might be more moderate in its public attitude than might seem consistent with his feelings about the present situation, because there are some forty or fifty thousands Malayans in the Cape district who, according to Tunku Rahman, are being better treated than any of those whom he himself described as "the coloured people."

4. I asked him if he personally had any info as to what the attitude of India would be, and he replied "they simply don't care." Again he indicated that in their case as well the plight of some three hundred thousand Indians living in South Africa might have a bearing on the course India would follow.

5. He then told me of a conversation with Mr. Macmillan about China. He said that Macmillan had been very definite in his remarks to him about the fact that unless mainland China is brought into the disarmament discussions satisfactory results will be impossible. Tunku Rahman indicated that he shared this opinion and was glad to hear it expressed by Macmillan. He then made an interesting comment about China. He said "after all we are very directly concerned about Chinese activities, and I am afraid of them when they are as quiet as they are today. Russia makes a lot of noise which does not repeat not mean very much, but we trust China even less and it is when they are quiet that we fear them most." He did not repeat not amplify this remark but in the context it seemed to imply that they would be happy if China were brought into the discussions so that they could be forced out into the open.

6. Tunku Rahman is going to be in London for another week so if there is any point you wish me to explore with him I shall be able to do so.[25]

[25] Notes marginales :/Marginal notes:
Seen by Prime Minister Nov. 16/60. [H.B. Robinson]
Seen by SSEA 17/11. [Ross Campbell]

382. H.B.R./Vol. 3

Message personnel du premier ministre du Royaume-Uni au premier ministre

Personal Message from Prime Minister of United Kingdom to Prime Minister

PERSONAL AND CONFIDENTIAL [London], November 19, 1960

Dear John [Diefenbaker]:

I was so glad to have a word with you on the telephone yesterday about your message on South Africa and the Commonwealth. I know that you are as concerned over this problem as I am. While I am sure that we must do all that we can to bring pressure upon the Government of South Africa to modify their racial policies I am very anxious, as I know you are, to find a way of keeping them in the Commonwealth. May I put one or two thoughts before you.

First on the reality of the situation. We have all disliked these policies for many years. Since the death of Smuts they have got much worse. All the same we have not tried to make this a reason for ejecting South Africa from the Commonwealth. There are bound to be from time to time other members of the Commonwealth whose policies are disagreeable or doubtful to one or other of us. For instance, I suppose one could accuse the President of Pakistan of pursuing anti-parliamentary or anti-democratic lines although I think he has probably done the only thing to save Pakistan — and ultimately to save free government there. Or one might criticize the President of Ghana for the attitude towards the opposition in his country which you and I think contrary to parliamentary tradition. The only reason that we find ourselves in immediate difficulties with South Africa is because of what is really a procedural point; that is the change of status from a monarchical to a republican system. I think we are all agreed that that change is purely an internal matter. We have certainly taken it as such in the case of India, Ghana and Pakistan; and no doubt fairly soon it will come to us in Ceylon. Up to now we have taken the consent of the other members as a matter almost of form. Of course last May the South Africans asked us to do something which you and I both thought wrong: that was to give prior consent before the issue had arisen and thus in some measure to seem to be influencing the outcome of the referendum. I am sure we were right to resist this. But now that the change to a republic has been settled by the referendum I believe we should consider carefully how far it is wise to use the change of status as an occasion for a protest against South Africa's racial policies.

I have found in recent discussions with some of our Commonwealth colleagues a growing sense that the expulsion of South Africa — for that is what it would amount to — on the issue of her becoming a republic would be somewhat anomalous. In any case I am sure that there is a strong desire to take counsel together and to weigh all the implications before coming to a decision. The Tunku for instance to whom I have just been talking is very much alive to the possibly disastrous effect on the whole Commonwealth structure of the beginning of a break-up now. Much as he abhors apartheid, I think he would prefer to accept the constitutional change rather than force the issue, at any rate for the time being. Of course it would be difficult for him as well as for Nkrumah and Nehru and some of the others to acquiesce if it seemed in some way to condone apartheid. But I hope that when we come to consider the whole question especially the procedural question we may find some way out of our difficulty.

Naturally I understand your desire to make your position clear to Verwoerd. Nor have I concealed from him how difficult is the road that lies ahead of him and that he would be very wrong to count on general agreement. Pressure on him may be all to the good; but I hope that you will be very careful not to take a decision which would bind you to come down against

South Africa in any circumstances, whatever the result of our further examination of the question may prove to be. There is obviously not much hope of South Africa changing her policies in the next few months; but what I am anxious about is that none of us should take a definite position before we meet. If by chance, the knowledge of anything you said to Verwoerd leaked out it would make the position of the African and Asiatic members of our Commonwealth almost impossible. What I am therefore pleading for is that we should come to the discussion in March uncommitted, publicly or privately.

Such are the political arguments that I venture, my dear John, to put before you. But there is just another point of view that I know you would not mind me putting forward. This is really a human as well as a political problem. We all hate the racial policies of the present South African Government; but surely we must try to think of all the people who have made this great country. The expenditure of blood and treasure from Britain that has gone to create it; the long and rather splendid story behind it; and the future of all those who are there — white, coloured and black. After all nearly half the white population are passionately loyal to the Queen and nearly all seem anxious to stay in the Commonwealth. Moreover there are nearly ten million who are not able to make their voice in any way felt on these matters but look to us for help — "Come over to Macedonia and help us," is their cry. It will not help them — indeed it might be a fatal thing to them — if the rest of the Commonwealth were to expel them from the community. We must all try to do what we can to help — we must not pass them by on the other side.

After all we can do more to influence the future of these people if they are within the framework of the Commonwealth than if they are outside it. And I do really feel that we should regard our responsibilities as covering all those in South Africa and not just the South African Government or the Nationalist Party caucus. There is a further and more immediate point. Now that the republican issue has been settled the one great aim that has kept the Nationalist Party together will have been achieved. This will give an opportunity for a resurgence of liberal thought within the party and throughout the country. But if they are turned out of the Commonwealth the process will never begin, or be much curtailed. We should in fact be doing the opposite of what all of us believe to be right, namely to try and get South Africa to change her racial policies. We should be condemning the country to further years of apartheid and ever-growing bitterness.

We ought to remember Burke's famous words: "A partnership between those that are living, those who are dead and those who are yet to be born."

I hope you do not mind my writing to you at such length and so freely. I take the liberty to do so not merely as a colleague but as a friend.

Yours ever,

HAROLD MACMILLAN

383. DEA/50085-J-40

Le haut-commissaire au Royaume-Uni
au premier ministre

High Commissioner in United Kingdom
to Prime Minister

London, November 24, 1960

My dear John [Diefenbaker]:

In view of the fact that you had indicated to me in a telephone conversation that you had been informed by Harold Macmillan that Duncan Sandys had reached agreement with Tunku Abdul Rahman about the South African question, I had a long talk with the Tunku today.

He was very emphatic on the following points:

(1) Sandys had tried to persuade him to agree that there is an established principle that a country which has once been a member of the Commonwealth automatically continues to remain a member no matter what form of government it chooses to administer its own affairs. This, then, would have left the question of apartheid to be discussed as a separate issue with the Prime Minister of a nation already firmly established in its continuing status as a member of the Commonwealth. The Tunku told me that he had stated unequivocally to Sandys that he would not accept this proposition.

(2) He told me that, in his first conversation with Sandys, he had gone so far as to say that, if every other member of the Commonwealth voted for the re-admission of South Africa, Malaya would not cast the single vote which would prevent unanimity. He had, of course, explained to Sandys at the time that he would make a very strong statement about the attitude of Malaya to the course being followed in South Africa. However, as he put, "Malaya does not wish to act as a dog in the manger."

(3) Between that time and his next conversation with Sandys, Verwoerd had made the statement which indicated that it is not the intention of the South African Government to place before Parliament the necessary legislation to establish a republic until after the meeting of Prime Ministers in March. He had then told Sandys that Malaya would oppose any action at the coming Conference on the question of South Africa's re-admission on the grounds that their status is still precisely the same as it was last May when, on your initiative, a decision was made that this question could only be decided when South Africa had in fact become a republic. The Tunku points out that a referendum alone does not decide this and that, whatever the expectations of any government may be, it is always possible that a government could be overthrown before they had in fact taken the legislative steps necessary to implement the wish expressed by a majority of the voters at the time the referendum had been presented to them. In fact, as he pointed out, the government itself could delay indefinitely any action on this referendum. Whether that it is likely or not, his position is that their status has not changed and that the meeting of Prime Ministers should stand firmly behind the position you took at the last Conference, which was in turn accepted by all the representatives at that gathering.

I referred him to a report in last Monday's newspaper of a statement made that day by the Prime Minister of South Africa. The report as quoted in *The Daily Mail*, and reported in similar if not exactly the same words in most other newspapers, read as follows:

> "Dr. Verwoerd also mentioned a suggestion that the final decision of South Africa's continued membership of the Commonwealth would not be taken at the Prime Ministers' Conference, but only after the Union had become a republic."

"It is unimportant whether the question of South Africa's membership is placed on the official agenda in advance or not — I am unaware what the intention is — but it is self-evident that South Africa will not permit herself to be subjected to any form of humiliating treatment," he said.

The Tunku said that he stood entirely behind the position you had taken at the last meeting and that, in his opinion, unless that decision were reversed, the question of South Africa's membership could not be dealt with at the coming Conference. He assured me that his position would be firm in this and that, if there were any modification of their position, which he considered entirely unlikely, he would ask his brother (the Malayan High Commissioner in London) to pass the information on to me.

It may perhaps be apart from the point at issue in this particular case, but I think I should report that in this conversation he constantly referred to the admiration he felt for you personally, and his high regard for the international principles which he had heard expressed in Canada. It seems to me that this respect for Canada, based upon the firm position you have taken in regard to non-discrimination, can be valuable to the whole free world and that, for this reason, the effect of the position taken by Canada upon the new African members of the Commonwealth, as well as the Asian members, will always be of importance.

The Tunku did refer to a meeting which I had arranged between him and the Leader of the United Party in South Africa, Sir de Villiers Graaff. He was greatly impressed with Graaff, as I was in two extended conversations with him. Perhaps because of Graaff's firm opposition to apartheid and the hope he expressed that some device would be found for not driving South Africa out of the Commonwealth because of his belief that the United Party might form a government at the next election, the Tunku did express the hope that it might be possible to deal with this issue on the strictly technical ground that it did not properly come before the March meeting of Prime Ministers. This might give Graaff a possibility of forcing an election which could produce a satisfactory result if Graaff should win. I must say that this suggestion may be very sound. The vote on the referendum was close. There does seem to be some indication of growing concern on the part of Afrikaners, as well as British settlers, about the consequences of taking the formal steps to make South Africa a republic, and a flat refusal to deal with this for the very same reasons which were given last May could meet the situation, so far as we are concerned, and still leave a chance of success open to those who hold different views.

Sir de Villiers Graaff is going to be in Ottawa in the latter part of December. I have asked him to get in touch with your office through our Embassy at Washington, and I am sure you would be greatly impressed with him if you have a chance to meet him at that time. He is the first South African I have met who gives you the feeling that the spirit of Smuts is not dead. I have made enquiries and find that he has the highest possible reputation for ability and integrity. He speaks flawless English and has a very attractive personality. Without attempting for a moment to assess the prospects of his party at the next election, I can only say that if his thoughts could find expression in a Parliamentary majority I am sure that the attitude of all the other members of the Commonwealth toward South Africa would be very different. It is for that reason that I raise the question as to whether it may not be best to take advantage of the technical point which Verwoerd has raised and, for the present, simply take the position that this subject cannot be considered at the March meeting under the decision unanimously accepted last May.

Yours ever,

GEORGE [DREW]

384. J.G.D./XII/C/110.1

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Secretary of State for External Affairs to Prime Minister

CONFIDENTIAL [Ottawa], December 30, 1960

SOUTH AFRICA AND THE COMMONWEALTH

In view of the many opinions expressed on this subject and the impeding decision on it at the meeting of Commonwealth Prime Ministers, you may find helpful an attempt to analyse the matter as it now stands.

Desiderata for Canada

2. Canada attaches importance to the preservation of an effective and united "multi-racial" Commonwealth. It should be noted, however, that agreement on the phrase "multi-racial" has probably been reached only because the words mean different things to different members.

3. Canada considers that the course being pursued by the Nationalist Government in South Africa is ill-advised, harmful to the solidarity of the Commonwealth, and to the ultimate interests of all South Africans.

4. Canadians want to take all appropriate opportunities to register their belief in human rights and their abhorrence of policies of racial discrimination and of the means — tending increasingly towards police state methods and affecting all segments of the population — by which such policies are enforced by the South African Government.

5. Any collective action taken today by Commonwealth Prime Ministers on the issue of racial relations may confront them tomorrow with similar problems in other areas of human rights, e.g. the Preventive Detention Act in Ghana. While there is a convention against interference in domestic affairs, the boundaries of domestic affairs are not easy to establish.

Re-admission or Continuation

6. There has been some confusion over whether South Africa must apply for re-admission to the Commonwealth, because its membership would otherwise lapse upon becoming a republic, or continue to be a member unless positive action is taken to expel it. If South Africa is applying for re-admission it would appear that the application could be blocked by a single member (since Commonwealth decisions have always been unanimous) but if it is considered a question of expelling a continuing member it is possible to argue, as South Africans do, that a unanimous vote would be required to *oust* the Union. Dubious as the latter theory may be, it has given rise to some concern over whether South Africa should be allowed to participate in the decision on its own case (and thus be in a position to prevent its own expulsion). In practice, however, there should be little doubt about the correct position: as the meeting will be held before the republic is proclaimed on May 31, South Africa will still be a member and entitled to participate in the meeting; it should not, however, be in a position to "veto" its own expulsion because in the publicly-stated Canadian view unanimous consent will be required if South Africa is to remain in — this view is supported by the earlier precedents and by the wording of the last communiqué: "In the event of South Africa deciding to become a republic and if the desire was subsequently expressed to remain a member of the Commonwealth, the meeting suggested that the South African Government should then ask for the consent of the other Commonwealth governments."

Suggested Compromises

7. In the course of the last several months a number of compromises have been suggested with varying degrees of confidence: that South Africa should remain in the Commonwealth but without recognition of its present government; that it should remain in but without representation at Prime Ministers' meetings; that a decision be delayed pending some indication of improvement; that individual Prime Ministers might abstain on a vote for re-admission; that South Africa's future relationship to the Commonwealth be similar to that of Ireland.

Present Position

8. None of the various compromises which have been proposed appears now to have active support, partly perhaps because Dr. Verwoerd has made it clear that the Union would not consider any form of probation or quasi-membership. The issue is evidently narrowing to a decision whether South Africa should or should not remain as a full member of the Commonwealth. It is not possible at this stage to assess with any hope of accuracy the views of the various governments. The replies to our enquiry showed a reluctance to indicate positions in advance of the Prime Ministers' meeting. A concern for the effect on the Commonwealth of the inclusion of South Africa with its present racial policies is, no doubt, undiminished; but increasing emphasis has been laid on the offsetting factors:

(a) that other members of the Commonwealth could do more to assist the non-white majority if South Africa were a member;

(b) the possibility, illustrated by recent declarations — notably by ministers of the Dutch Reformed Church — that the Nationalists might modify their policies;

(c) that such moderation is more likely if South Africa remains as a member;

(d) reluctance to lessen the size of the Commonwealth or to establish a precedent for expulsion.

Main Issue

9. Republicanism is of course only the occasion for consideration of South Africa's continued membership. The substantive question is whether acceptance of the Union would be to condone discrimination and, at the same time, retain a divisive force within the Commonwealth. Whatever may be the course chosen by the Commonwealth, it would appear essential to protect the Commonwealth position in respect to racial discrimination and human rights. To allow these ideals to go by default, obscured by a decision that South Africa was not barred from membership because of republican status, could give an impression that the Commonwealth was lacking in principles in this matter. Such a picture of the Commonwealth could weaken it both internally and in its influence on other countries.

Possible Courses of Action

10. If it be accepted that the Commonwealth cannot afford to ignore principles of race relations, it remains to examine the possible ways of approaching the problem of South African membership.

(a) *Driving a Bargain with South Africa.* It is an attractive idea to seek concessions from South Africa, providing for gradual amelioration of racial discrimination; but in view of Dr. Verwoerd's firm statements, there seems little hope that such an attempt would meet with the slightest success.

(b) *Expulsion.* Although any one of the African or Asian members of the Commonwealth would no doubt support a move for expulsion, it is difficult to predict which one might take the initiative, especially as the United Kingdom hopes to avoid this issue by arguing that racial policy as well as the choice of constitutional arrangements are matters of domestic policy. On

the other hand the Australian position has materially changed with Mr. Menzies now willing to consider, apparently, the possibility of the expulsion of South Africa in the event, after private discussion among Prime Ministers, it is evident that South Africa is unwilling to make any conciliatory move towards other members of the Commonwealth. In order to avoid a split along racialist lines however, the Afro-Asian members might wish to have one of the old members of the Commonwealth propose expulsion. The old members of the Commonwealth may argue that if none of the Afro-Asians take the initiative for expulsion, it would be inappropriate for them to make the first move. This reluctance to make a final break may mean that no country other than Canada would initiate a move for expulsion.

(c) *A Nine-Power Statement*. If South Africa were to remain as a member, it would be possible for the other members to issue at the time of such decision a statement disclaiming any sympathy for South African racial policies. The drawbacks to this course would be that it might be taken as an insult by South Africa and lead to her refusal or membership, or that it would appear as contradicting the decision allowing her to remain.

(d) *Agreed Passage in the Communiqué*. The fourth possibility is that the communiqué include a general statement on racial policies (following a decision to retain South African membership). Such a statement would, of course, have to be drawn in general terms such as, while not being welcome to the South Africans, could hardly be resisted by them (since they do not admit a belief in discrimination in principle). The statement, too, should be so worded as to have significance for the racial situations in other Commonwealth territories, in particular for the Rhodesias and Kenya. Some such passage as the following might be considered:

"In taking note of the rapid transition of many formerly dependent territories the Prime Ministers agreed that the multi-racial Commonwealth had a continuing part to play in effecting cooperative relations between races, with the objective of ending, as rapidly as practicable, discrimination by any one race against another."

11. A second possible wording would have a wider meaning, to include human rights in general:

"Arising out of their discussions of world affairs the Prime Ministers agreed that the multi-racial Commonwealth had a continuing and vital part to play in safeguarding human rights and in effecting cooperative relations between races, with the objective of ending, as rapidly as practicable, discrimination by any one race against another."

Conclusion

12. From the above analysis of the various possibilities on the South African issue as they appear from information at present available, the conclusion emerges that the most likely alternative confronting Commonwealth Prime Ministers next March will be a choice between the expulsion of South Africa from the Commonwealth or its retention. Since this choice involves policy considerations which go far beyond the attitudes of Commonwealth governments towards racial discrimination in South Africa, a separate paper will be submitted analysing the policy implications of these two alternatives.

H.C. G[REEN]

2e PARTIE/PART 2

GROUPE D'ÉTUDE DU COMMONWEALTH, LES CHEQUERS, 17 AU 22 JUILLET 1960
COMMONWEALTH STUDY GROUP, CHEQUERS, JULY 17-22, 1960

385. PCO/F-2-1(d)

Note du secrétaire du Cabinet pour le premier ministre

Memorandum from Secretary to Cabinet to Prime Minister

CONFIDENTIAL [Ottawa], July 8, 1960

FUTURE MEMBERSHIP OF THE COMMONWEALTH

1. The Commonwealth Prime Ministers, in May, established a committee of officials "to consider the constitutional development of the Commonwealth, with particular reference to the future of the smaller dependent territories, and to make an analysis, with alternative suggestions, for consideration by the Governments of the Member States of the Commonwealth." The committee is to meet in the United Kingdom for the week commencing Sunday, July 17th. You have asked me to serve on this group along with Sir Norman Brook of the United Kingdom, Sir Allen Brown of Australia, Mr. McIntosh of New Zealand, Mr. Desai of India and Mr. Adu of Ghana.

2. While the committee is not requested to recommend a course of action, we can hardly put forward and analyze alternative suggestions without implying some opinions and preferences.[26] I would not wish to be advancing opinions contrary to what you might wish me to put forward. Therefore I felt I should outline to you now the tentative conclusions I have reached in preliminary studies of this subject, and seek your agreement to my proceeding along these lines of your instructions as to how you would like to change them.

3. I have had considerable help from the Department of External Affairs in this matter and I believe my opinions are in general consistent with theirs, but what I am setting forth is on my own responsibility and they may differ from it in some particulars.[27]

4. The essential problem with which we are to deal is the number and nature of the candidates that may come forward for membership in the Commonwealth in this decade and later. The U.K. paper, of which you have received a copy, lists as possible emergent candidates not only the fairly certain and substantial five (West Indies, Rhodesia, Kenya, Uganda and Tanganyika) and the two small and imminent ones which pose the immediate problem (Sierra Leone and Cyprus), but also about nineteen territories which have reached or are likely to reach full internal autonomy in the foreseeable future. To these might be added Samoa, becoming independent of New Zealand next year, and perhaps some day New Guinea (Australian) and South West Africa (South African). Should all of these become fully independent and wish to join the Commonwealth separately, there would be some forty members, many of them having a population of under one million. Such a number of members,

[26] Note marginale :/Marginal note:
This is essential. [J.G. Diefenbaker]

[27] Note marginale :/Marginal note:
Criteria Population + 1M but not area. [J.G. Diefenbaker]

so diverse in size, would make the Commonwealth very different to what it has been and the meetings of the Commonwealth, particularly those of the Prime Ministers, might become much more cumbersome, resembling those of the United Nations or its agencies.

5. On examination, however, this prospect seems fairly unlikely or at least remote. Many of the dependent territories listed are not likely to become fully independent for many many years. Others may well federate. Some may prefer not to become members of the Commonwealth. On the whole it seems to me a reasonable probability that, given the continuation of the past practice of welcoming former dependent territories as members upon their achieving independence, the Commonwealth would grow during the 1960's from the present ten members (ex Nigeria) to perhaps twenty or even two dozen. More might come in later and it would be difficult to arrest the growth at that stage but the rate of growth would likely slacken. In any case, if we can get successfully through this difficult decade, the Commonwealth may well have completed one of its most valuable functions.

6. Given this appraisal, I see four possible courses of action, which I list in my own order of preference.

7. The first would be to let the past practice continue and welcome all those newly independent territories that wish to come in. The meetings of Prime Ministers would get larger than we would like but they could still be manageable. Some changes might be made to adapt to the greater number; only one from each country might sit "at the table;" more advance preparation might be made for the conduct of the meeting; Mr. Menzies' suggestion of dropping the communiqué might be followed. There would be differences in the nature and extent of informal discussions between members and groups of members outside the formal sessions, but that need not be harmful. Other Commonwealth meetings, such as those of the Finance Ministers, would be more formal and perhaps more lengthy but this would not pose insuperable problems.

8. This plan would have the great advantage of providing a friendly welcome, dignified status and a source of informal advice and assistance for the dozen or so new countries, mostly poor and coloured, that will emerge from dependency on the United Kingdom. It will help us older members of the Commonwealth to understand better what the newer nations are thinking about common problems and mutual relations. In a decade when the division between the rich whites and the poor coloured threatens to be one of the most serious basic issues, the main value the Commonwealth can serve may well be to assist in bridging this gap in a friendly way.[28]

9. The second possible course of action would be to recognize that the Commonwealth meetings would lose their essential character should the membership grow beyond, say, about twenty and then hold to that limit by some arbitrary method. The best form of limit, though it is not as certain as others, might be simply a minimum size of population. The convenient figure of one million would probably suffice (two million would keep out Singapore and a possible federation of Sarawak and North Borneo).[29] While arbitrary, this limit could be explained and defended on grounds of practicability, without appearing to discriminate on any other grounds. Small countries that sought independence would do so in the knowledge that they could not enjoy the intangible benefits of Commonwealth membership unless they federated with others. They might, however, be granted some special relationship in regard to trade and aid.

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[28] Note marginale :/Marginal note: This is. [J.G. Diefenbaker]

[29] Note marginale :/Marginal note: Best. [J.G. Diefenbaker]

10. There are disadvantages in this course of action: there would be criticism of this arbitrary action against little countries who might be said to be most in need of the friendly help the Commonwealth might give. It would rule out immediately not only Cyprus, but also any possibility of membership for Samoa which New Zealand has been bringing along, should Samoa opt for full independence. The operation of this limit would even reduce the geographical size of the Commonwealth, if it is taken to include dependent territories. This course should only be adopted if some limit on numbers is felt necessary.

11. The third alternative that might be considered is that outlined in the U.K. papers — to provide some form of Commonwealth status for territories which achieve not full independence but full internal self-government (while responsibility and authority for their foreign relations and defence remains with another Commonwealth member, normally the United Kingdom). This status would entitle them to participate in some Commonwealth functions and meetings but not all, and in particular, not in the Prime Ministers' meetings. The U.K. authors appear to hope that granting this status to such "Commonwealth States" might help to persuade them not to seek full independence and full membership, or at least not for some years. It is recognized, however, that this would, in the last analysis, be for these little states themselves to decide, and one could not be sure of success. There will be both internal and external influences urging them to fully sovereign status and U.N. membership.

12. This course would have some advantages, if it were successful. A number of these small countries would probably be better off if they did not endeavour to carry on their own foreign relations, and they cannot in the modern world do much about their own defence in any case. New Zealand, whose policy on these matters is enlightened and constructive, is endeavouring to persuade Samoa, after it attains full independence, to entrust its foreign relations, by agreement, to New Zealand and not seek full U.N. or Commonwealth membership. Some Commonwealth connection and status for such little states might help to persuade them to take what is probably a sensible course, and might enable them to enjoy some of the economic benefits of a Commonwealth association without bringing the number of full members to an unwieldy total.

13. On the other hand there are two serious dangers in this course. It might well appear that in creating this special status the members of the Commonwealth other than the "mother" country directly concerned, were taking some part in determining, or at least influencing the decision regarding the independence of a colonial territory. Many Commonwealth members including Canada would probably not wish to share, or even be made to appear to share, this responsibility for judging when colonies are ready for sovereignty.[30] We suspect the United Kingdom may have some idea of this kind in mind. The second danger in this course, which you yourself have recognized in conversation, is that of giving people in other countries some reason to suspect that the Commonwealth itself is not an association of sovereign nations. It is difficult to have other people understand fully the nature of the Commonwealth relationship and if we complicate it by giving a special status to these states that would have only internal self-government, it makes our task of international public relations that much more difficult.

14. The fourth alternative, and I think least desirable, is to have two categories of members who are fully independent nations — a secondary status for the smaller new members. Those having this secondary status would not attend Prime Ministers' meetings and perhaps not some

[30] Note marginale :/Marginal note:
Canada is in no position to make such a determination. [J.G. Diefenbaker]

of the other meetings, but on the other hand would enjoy the advantages of Commonwealth membership in so far as trade, aid, citizenship, etc. are concerned.[31]

15. The fundamental disadvantage of this course, which I think is conclusive, is that it would require a secondary status for new small nations who would be most sensitive about their position and dignity. It would interfere with what I believe to be the most useful role the Commonwealth can play as I have noted above. It would keep some territories from becoming members at all. In addition, it would make other full members uncomfortable and would undoubtedly upset in some degree the informal friendly relations that are possible between those equal in status even when they differ widely in size and international significance.

16. I will not try to go further into detail here about the alternative courses of action, and the arguments pro and con, which we can discuss if you wish. I feel, however, that I should be clear about the situation in regard to Cyprus which is now becoming urgent and will undoubtedly be the subject of special, if indirect, interest at our meeting. Last winter you approved a decision according to which we would oppose a half-way solution for Commonwealth membership regarding Cyprus, although we were prepared to accept either normal membership or its complete exclusion at that time. Since then the situation has changed and I assume that at present neither Canada nor the Commonwealth is committed to admitting Cyprus to membership.[32]

17. If we follow the first and preferred attitude on Commonwealth membership outlined above, I think Cyprus could be admitted without becoming a difficult precedent. It may be possible to find other special grounds on which it could be excluded if it is desired to exclude it, although there will be some difficulties in basing this solely on its treaty relationships with the United Kingdom, Greece and Turkey. Personally, I would rather favour excluding Cyprus in any case but I would think the U.K. arguments ought to be seriously considered if the latter feel that the membership of Cyprus in the Commonwealth is important. I find it hard to say why I have a preference for excluding Cyprus; possibly it is because of the somewhat ambiguous status that it will have in international affairs even though it becomes a U.N. member; partly it is because it is inevitably more of a European than an overseas state and seems to involve the Commonwealth even further into the complexities of Eastern European problems. Should the other members of the Commonwealth feel none of this uneasiness, I would not think Canada should take a special position on the matter.

R.B. B[RYCE]

386. DEA/12852-40

Note pour le secrétaire du Cabinet

Memorandum to Secretary to Cabinet

CONFIDENTIAL [Ottawa], July 29, 1960

COMMONWEALTH STUDY GROUP

The notes which follow have been prepared at your request following the meeting in your office on the afternoon on Thursday, July 28, attended by Mr. Glazebrook and myself. Unfortunately these notes are being prepared under some pressure, and I would be grateful if

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[31] Note marginale :/Marginal note:
No second stage or class of Commonwealth countries. [J.G. Diefenbaker]

[32] Note marginale :/Marginal note:
As to Cyprus Canada's attitude is unchanged. [J.G. Diefenbaker]

you would take this into account. Furthermore, they have been done on the assumption that they will get a very limited circulation. If broader circulations is required, they should be re-done.

Procedural Questions

Some six copies of the printed version of the report[33] were expected to be received shortly by Earnscliffe. Three other copies would probably be sent directly to Mr. Bryce. External Affairs has retained one set of the papers in draft which Mr. Bryce has shown the Department. The other set was returned to Mr. Bryce.

Adu of Ghana arrived late and missed the conversations of the first day, but this did not prove serious since conversations were held with him later, and since he proved to be a co-operative, frank and helpful member of the group.

No serious divergencies of view emerged during the discussions which were conducted in a friendly atmosphere.

With regard to the forecasting of the future for individual parts of the Commonwealth, the following points of detail may be useful for Departmental appreciations:

(a) There was considerable discussion of potential federations between potential Commonwealth members, most of which Mr. Bryce thought would not be new to the Department. With regard to the Central African Federation, the United Kingdom authorities seemed unable to discuss the position dispassionately. Mr. Bryce said that around the table there were a number of views expressed (particularly India and Ghana) to the effect that it was not only unlikely but also undesirable that the federation continue indefinitely in its present form. Southern Rhodesia and Nyasaland were regarded as incompatible components of what would have to be an unstable entity if they continue to be linked together.

(b) South West Africa — Mr. Bryce reported that at some point during the meeting there had been a discussion of whether South West Africa could be regarded as part of the Commonwealth. It was eventually considered that for the moment there appeared to be no alternative but to treat it as part of South Africa. Mr. Glazebrook noted that South West Africa was a "C" Mandate which, following League of Nations practice, was to be governed as part of the territory of the mandatory power as long as the mandate held. There was no term assigned to the duration of such mandates.

Aside from the reports which Mr. Bryce made by telegram† and the comments above, the discussion on the 28th fell under the following headings:

1. Western Samoa
2. Cyprus
3. South Africa
4. "Limbo"
5. The meaning of Commonwealth
6. Proposals for modifying the procedures of Meetings of Commonwealth Prime Ministers.

1. *Western Samoa*

The New Zealanders and others at the meeting were clearly concerned about the future of Western Samoa, not only for the territory itself but also for the effects which its future might have on the future membership of the Commonwealth. The New Zealanders have indicated that the Western Samoans are at present in a pragmatic frame of mind, and envisage a

[33] Voir/See 'The Constitutional Development of the Commonwealth: Report by a Group of Commonwealth Officials.' Copie dans /Copy in DEA 12852-40 Part 2 FP.

relationship with New Zealand under which New Zealand would have responsibility for Western Samoa's defence and external relations following independence.

There was, however, a very real danger that the Western Samoans might be seduced (so to speak) when they arrive at the United Nations by the blandishments of United Nations diplomats. It was to be expected that these diplomats, particularly those from the Iron Curtain countries, would not hesitate to urge the Western Samoans toward full membership in the United Nations. The question was how well the Samoan leaders would stand up to this kind of pressure. New Zealand had indicated that if Samoa were to become a member of the United Nations, New Zealand would not be prepared to conduct its external relations for it.

If Western Samoa became a United Nations member (and the future of Western Samoa is a separate agenda item for the coming session of the General Assembly) then there might be similar pressures for full independence and United Nations membership from Fiji and Tonga, and possibly in the long run from small island areas of Polynesia. There was considerable concern for the future of the United Nations if such a development took place.

It was to be expected that after states such as Western Samoa became United Nations members, it would be difficult to avoid similar pressures for Commonwealth membership. It was not possible to foresee the developments under this heading.

Mr. Bryce thought that our delegation to the United Nations should do anything it could to help in holding off the kind of pressures which could result in a large number of Polynesian members, and developments towards full United Nations membership and full Commonwealth membership for Western Samoa in particular. Mr. Glazebrook agreed that our Mission in Wellington and our United Nations mission be informed accordingly. *

* Footnote for Mr. Scott: I do not judge that Mr. Glazebrook or Mr. Bryce would like Wellington or Permis New York informed immediately if this is not practicable. There might be some advantage in avoiding premature inquiries on our part either in New York or Wellington in the hope that the New Zealand negotiations with the Samoans will proceed satisfactorily. Caston of the United Kingdom, who was here recently, said that the United Kingdom was trying to persuade the New Zealanders to come to the United Nations this fall having already worked out (but not, of course, having announced) the terms of a possible satisfactory agreement with Western Samoa. I judge that the New Zealanders have not yielded to United Kingdom pressure in this respect.[34]

2. *Cyprus*

Mr. Bryce was of the opinion that although the United Kingdom authorities were not in a position or willing to advise other Commonwealth governments, they may well have given the Cypriots the impression that Cyprus would be admitted to the Commonwealth if this was the wish of the new government. Mr. Bryce thought that the Cypriots would quite possibly have been left with the definite impression that United Kingdom support would be sufficient to guarantee them admittance. The United Kingdom had, of course, agreed to circulate their request for admission when and if it remained.

Mr. Bryce had the impression that Sir Norman Brook was personally opposed to the admission of Cyprus to the Commonwealth on the following grounds:

(a) the personalities of its leaders;

(b) its history of conflict with United Kingdom forces;

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[34] Voir/See *Yearbook of the United Nations 1960* (New York: United Nations Office of Public Information, 1961), pp. 477-81.

(c) the probability that the presence of Cypriot leaders would damage the character of Commonwealth meetings. The United Kingdom simply did not trust Archbishop Makarios. However Sir Norman Brook made it clear that United Kingdom ministers had not taken a final decision on this question.

Mr. Bryce had asked Sir Norman Brook what was the United Kingdom appraisal of the effect which Cyprus' withdrawal from the Commonwealth might have on the usefulness of the United Kingdom base areas. Mr. Bryce had indicated that the Canadian authorities would certainly not wish to oppose Commonwealth membership for Cyprus if the result might be to damage United Kingdom strategic interests in the area. The United Kingdom had not given a clear-cut reply to Mr. Bryce's query (see paragraphs 5(b) and 6(d) of Annex II to the Report).

There was a round of comments on the probable reaction of the present members of the Commonwealth to Cyprus' admission:

United Kingdom

United Kingdom ministers were of the view that the United Kingdom must live with Cyprus anyway, and that the admission of Cyprus to the Commonwealth might constitute "a vindication of the long negotiations." There were also difficulties in rebuffing any application for Commonwealth membership, even though the case of Cyprus would open the door to other similarly small areas. While, as Sir Norman Brook had noted, the United Kingdom ministers had not taken a decision on this point, on balance they were likely to be in favour of Commonwealth membership.

Ghana

Adu said that Dr. Nkrumah was personally opposed to the membership of Cyprus in the Commonwealth, but would be unable to say so publicly. He said that in Ghana it would be hard to find an acceptable basis for excluding Cyprus from the Commonwealth if it succeeded in entering the United Nations. The Ghanaians were, however, of the opinion that the relationships with Greece and Turkey would be awkward when carried into the Commonwealth association.

New Zealand

The New Zealanders were "not happy" about the possibility of Cyprus being a member of the Commonwealth.

Australia

Australia would probably "acquiesce." Sir Allen Brown noted that since the United Kingdom was involved in the future of Cyprus, some Commonwealth involvement might be unavoidable.

India

The Indian authorities were of the opinion that it would be hard to determine the sovereignty of Cyprus. Nevertheless if it became a member of the United Nations it would be hard to prevent it from becoming a member of the Commonwealth. Desai was in favour of waiting to see how the United Nations membership question turned out. If Cyprus was excluded from United Nations membership on some political grounds, then a different situation would exist. Desai reported that Malaya had doubts with regard to Cyprus' membership. Chadwick also reported that the Pakistanis would follow whatever the Turks considered desirable in this situation. He reported that South Africa would prefer Cyprus to be outside the Commonwealth, but would go along with the decision of other Commonwealth members in this respect.

There was general agreement that it would not be up to the members of the Commonwealth as a whole to sponsor Cyprus' application for United Nations members as if Cyprus were a

member of the Commonwealth. This sponsorship chore would be left to the United Kingdom, perhaps with Greece and Turkey.

There was support from Adu of Ghana for the Canadian position that Cyprus might be either a full member or not a member at all, but that the case for half-Commonwealth membership should not be considered.

There was some suggestion that the new Turkish Vice-Presidential candidate in Cyprus was less keen than his predecessor for Commonwealth membership.

There had been some discussion of the possibility of intriguing with the Turks in an effort to keep Cyprus out of the Commonwealth, but no general decision was taken on this possibility. (There might be some effort of this kind made by the United Kingdom on its own responsibility.) Sir Norman Brook referred during the conversation to the fact that the Cypriots had never really wanted self-government; union with Greece had been the only real political demand on the island.

It was agreed that the suggestion would be conveyed to the Cypriots by the United Kingdom that they would be well advised to proceed with their application for United Nations membership, and be in no hurry to apply for Commonwealth membership. It was announced at the meeting that the United Kingdom legislation would provide for an unspecified extension to Cyprus of the legal benefits of the Commonwealth association for United Kingdom purposes, but Lintott indicated that despite the Irish precedent, it would not be possible to continue these privileges indefinitely. (There has been an exchange in the United Kingdom House which bears on this point, according to which the complete failure to take a decision would in the long run be regarded as a negative decision.)

There was some discussion of the effect of Cyprus' application on other possible applications. Sir Hilton Poynton thought there might be consequences for Mauritius, but not for Singapore. (Mr. Bryce and Mr. Glazebrook seemed to think that Cyprus would in fact be admitted to the United Nations.)

It might be desirable to look into the legal situation which would apply for Canadian purposes to Cyprus during this interim period. Cyprus is now a part of the Commonwealth, and presumably even if not a member, would still be regarded in a different position from that of a foreign country.

3. *South Africa*

The paper on the "Unanimity Rule" is of relevance to this discussion, but Mr. Bryce had initiated a private exchange of views on South Africa by expressing doubts that there would be unanimity amongst Commonwealth members on the question of re-admitting South Africa after it became a republic. Mr. Desai thought that Malaya and Ghana would probably oppose continued membership for South Africa. India would be prepared to accept South Africa as a continuing member if no others were opposed. However, if any efforts were opposed, India would also oppose as probably would Pakistan and Ceylon. Adu was not present at this first exchange of views and Mr. Bryce later had a conversation with him reporting Mr. Desai's views as the basis for the discussion.

Adu thought both Ghana and Nigeria would oppose South Africa's continued membership in the Commonwealth, even though for Nigeria it might mean taking this position at its first Commonwealth Prime Ministers' meeting. Adu thought the Nigerians might even oppose South Africa more vigorously than Ghana. Other countries, he said, had been over-estimating the "tameness" of Nigeria. He said that Nigeria had been restrained in its expressions of view on international affairs by internal problems and by practical considerations rather than by disposition. (As a side-line Adu noted that Ghana had tried "hard" to have good relations with Nigeria, but had not been as successful as it might have wished.) Adu believed Malaya would

oppose South Africa's membership and probably take the initiative. Ghana would also do so, as noted above, but would not wish to be the only one in this position. Mr. Bryce reported this conversation to the United Kingdom authorities, but did not report the following part of his conversation with Adu.

Adu had said that if South Africa remained within the Commonwealth this would threaten the main element of Ghana's policies for the political development of Africa. Ghana's efforts to promote unity amongst the African territories would be compromised if South Africa continued to be a member of the Commonwealth. There might then be pressure on Ghana which would make that country consider it desirable to leave the Commonwealth so as to be able to pursue a positive African policy. Mr. Bryce considered that it might not be desirable to report this conversation to United Kingdom authorities lest Ghana be regarded as using Canada to bring pressure to bear on the United Kingdom. Adu had agreed that his comments could be reported to others at the meeting, and indicated that they would be borne out as necessary by Dr. Nkrumah.

In this general connection he mentioned that Ghanaians had found the Commonwealth of considerable value in what Mr. Bryce considered a somewhat unexpected way. When the Ghanaians followed methods and used institutions based on British models, it was of help to them to be able to say that their actions were not only influenced by United Kingdom traditions, but by traditions which were acceptable throughout the Commonwealth. The middle class and professional groups in Ghana felt happier in what could be described as a British atmosphere when it was clear that they were in good company. He referred to his own experiences on holiday in Puerto Rico which indicated to him that for reasons which were difficult to define, he felt more at home in a United Kingdom possession such as Jamaica.

On Friday night, July 22, Lintott spoke privately to Mr. Bryce indicating great concern at Mr. Bryce's report of his conversations with Adu. Lintott was alarmed at the possibility of a split between the "old" and the "new" members of the Commonwealth over the re-admission of South Africa. He thought it would be much better if there were at least one old white member on the black new side, and that this made Canada's position of particular importance.

Lintott told Mr. Bryce that following Dr. Verwoerd's speech in which Verwoerd had said South Africa would be able to remain within the Commonwealth on becoming a republic (roughly), Macmillan had warned Verwoerd that he could not count on re-admission in the way in which he (Verwoerd) expressed it in his speech.

On Saturday afternoon, July 23, Sir Norman Brook had arranged a meeting with Messrs. Bryce, Poynton, Lintott and McIntosh. Brook was evidently surprised at Desai's analysis and at the probability that unanimity would be required for South Africa's admission. He felt that Mr. Macmillan should be informed and that he (Macmillan) would be greatly concerned as he (Macmillan) did not wish South Africa to leave the Commonwealth and did not expect it to do so. (All were concerned at the possibility that a split within the Commonwealth would develop on Commonwealth lines.) It was agreed that it would be desirable for South Africa to be informed of the probable danger with respect to its Commonwealth membership, and advised to hold off in any way it could from precipitating the crisis. There were other points on which proceedings could be delayed. The referendum might have to be held, but its results could be interpreted variously. There would be no need to hurry the proclamation of South Africa's republicans status and even if this status were proclaimed, there would be no special need to apply immediately for Commonwealth membership. There might be other opportunities for delay. On no account, the group considered, should a division on colour grounds be permitted within the Commonwealth on this question. (Mr. Glazebrook wondered whether in fact a split of this kind would occur. If Malaya, Nigeria and Ghana were all opposed to South Africa's re-

admission to the Commonwealth, it seemed unlikely that all the old Commonwealth members would necessarily line up on the other side.)

There were dangers, however, in approaching the South Africans since, as the Australian representative pointed out, there would be no way of knowing how Louw and Verwoerd would use any intimation made to them.

Sir Norman would be reporting to Mr. Macmillan on these considerations, and it seemed likely that Mr. Macmillan might send a message on this question to Mr. Diefenbaker and to others. Mr. Bryce thought we should all give thought now as to how the South African situation could be prevented from provoking a crisis over Commonwealth membership.

Mr. Bryce and Mr. Glazebrook seemed to agree that the initiative for the moment rested with the United Kingdom. Mr. Glazebrook thought that it was hard to say what anyone could do at the moment in the present situation, since the South Africans seemed to have adopted such a hard and difficult attitude. There might be some differences, Mr. Glazebrook thought, emerging as a result of concern in the business community, but South African papers appear to be reporting the news of other members of the Commonwealth's attitudes in a biased manner.

Mr. Bryce thought that it might be desirable to wait until after the referendum had taken place. After what had been said in the Canadian House and in the United Kingdom House, and after Mr. Macmillan's letter to Dr. Verwoerd of which Lintott had told him, the South African authorities had no excuse for ignoring the dangers of their being refused re-admission to the Commonwealth. In the meantime, however, it was quite possible that the South Africans would try to keep the Commonwealth issue to one side because it would mean more votes against the republican proposal. Dr. Verwoerd had made contradictory statements, Mr. Glazebrook reported, concerning the majority which would be required under the referendum before action was taken.

There was some discussion of Mr. Diefenbaker's possible visit to South Africa, and Mr. Glazebrook reported that Mr. Robinson had said that this did not seem to be in Mr. Diefenbaker's mind at the moment. If Mr. Diefenbaker did go on a Commonwealth tour of Africa, he would have to visit South Africa and he would have to say something there along the lines of the "winds of change" statement by Mr. Macmillan.

4. *Limbo*

In this condition countries would have the legal privileges of Commonwealth membership but not the designation and social status of such membership. In a sense, they would be in a same sort of position as that which Ireland now occupies (this has been referred to in passing earlier in the memorandum).

Cyprus would have such a status in the period following its independence and after the passage of the U.K. Bill, provided it did not press for a recognition as a full member of the Commonwealth. South Africa might have this position if it remained in a state of suspension following its proclamation as a Republic. Western Samoa would be in this position if, as hoped by the New Zealanders, an arrangement is agreed under which New Zealand would conduct Samoa's foreign relations and defence. In the case of Western Samoa, it would have theoretical capacity to be a U.N. member and a full member of the Commonwealth, but would voluntarily decide not to exercise this authority.

There were some doubts expressed. Mr. Desai noted that Mr. Nehru might have difficulty in convincing waverers in India of the value of the Commonwealth if countries could obtain the practical benefits of the Commonwealth Association without being formerly described as members. Others felt that there would be real danger in separating the "carrots" involved in a Commonwealth membership from the status which goes with Commonwealth membership.

Much depended on how Commonwealth membership was regarded. If it is regarded as a prize, then there might be something to be said for the limbo proposals. If on the other hand, Commonwealth membership is regarded as a liability assumed and maintained with difficulty, then the limbo proposal is much less attractive.

There was no conclusion with regard to this approach. Mr. Bryce, however, thought personally that a limbo status for South Africa would be better than a crisis in which South Africa was forced out of the Commonwealth.

Mr. Glazebrook noted that if South Africa were forced out of the Commonwealth because of its decision to become a Republic, then this act would be counter to the precedents which applied to those other countries which had previously become republics. If on the other hand, South Africa were to be forced out of the Commonwealth because of its racial policies, then this action would contradict the views which Commonwealth Prime Ministers had expressed concerning the avoidance of interference in the domestic affairs of a member. In particular this would run counter to Mr. Diefenbaker's expressed opinion that the Commonwealth Prime Ministers should not place themselves in the position of judge and jury. As Mr. Diefenbaker has said, the Commonwealth Prime Ministers' meeting should not become a court.

Mr. Bryce and Mr. Glazebrook endorse, however, the analogy of a club member as applying to this situation. If a member of a club was beating his wife it might be difficult to expel him on this ground alone, but if he left the club and then reapplied for membership and was still beating his wife, the club members could reasonably be reluctant to readmit him.

If a country does not apply for membership in the Commonwealth (even though theoretically entitled to do so) it would not come to Commonwealth meetings, particularly those of Commonwealth Ministers. From a juridical point of view, it might be considered within the Commonwealth, but from a political point of view, it would not be regarded as having the same position as the members who attend these Commonwealth meetings.

When South Africa becomes a republic, legislation will be required in the U.K. (and New Zealand at least) to cover the change in the relation to the Crown. Such legislation does not seem to be required in Canada.

Mr. Bryce asked that the legal position be investigated to determine what the problems should be for Canada if such countries as South Africa, Cyprus and Ghana came to occupy a "limbo position."*

*Footnote for Mr. Scott: I would gather that Mr. Bryce would like Legal Division to consider this question in the near future since upon their finding might depend a decision on whether or not to work for a "limbo position" for South Africa.

5. *What is the Commonwealth?*

Mr. Bryce had initiated a discussion on "of what does the Commonwealth consist?" What was the precise status of the various dependencies?

Mr. Bryce had asked Desai what position Bhutan occupied. The reply had been that Bhutan was "not interested in foreigners at all." When asked about Sikkim, Mr. Desai replied that it was "just part of India" as were the Indian states. It would appear that Sikkim could, from one point of view, be regarded as part of the Commonwealth, but that Bhutan was being described in terms which suggested that it was a foreign state.

Mr. Bryce had asked the U.K. what position the Persian Gulf group of states occupied, and had been told by Lintott that "the Foreign Office looks after them."

In general, Mr. Bryce decided not to pursue this point since to do so would have created embarrassment for all concerned. Indeed, he had gained the impression that the U.K. authorities deliberately foster a confused situation on the point. This created some difficult

legal problems particularly regarding citizenship. Lintott indeed described U.K. practices in this respect as "slovenly."

It appears that the Commonwealth, using its generic term, includes some dependencies but no precise answer is possible as to which dependencies are included or as to how the dependencies are divided into their various categories. For example, according to the U.K. Palestine and Iraq had never been part of the Commonwealth.

In an effort to explore this question further, Mr. Bryce had prepared a draft note entitled "Footnote of Nomenclature." Mr. Glazebrook suggested that in fact the only statement which might be possible is that the Commonwealth consists of a group of independent states to some of which dependencies (without qualifying the word further) are attached.

Mr. Bryce and Mr. Glazebrook agreed that it would be desirable to discourage the use of the phrase "Independent Commonwealth" for which the U.K. officials had recently shown fondness.

Mr. Glazebrook drew attention to the inconsistency of the analysis on the status of the dependencies which did not immediately achieve independence. At one point increased status for these areas was admitted to be a means of holding them back from full independence and later it is suggested that the defect of such proposals is that they might be interpreted as so doing. In part this inconsistency could be explained by the fact that the U.K. officials had drafted some parts and he himself had had a hand in drafting others.

With regard to the proposals for Commonwealth States and Commonwealth Treaty States, Mr. Bryce had found that no representative, except those from the U.K., had any affection for these. He had himself assisted in the drafting of paragraphs 19 to 25 as they appear in the report.

6. *Proposals for Modifying the Procedures of Meetings of Commonwealth Prime Ministers*

The general conclusion of the report was that it was not desirable to propose anything specific and rigid concerning membership of the Commonwealth but that it would be necessary to do something about the procedures which apply at meetings of Commonwealth Prime Ministers.

One point which appeared to be agreed was that the High Commissioners in London would probably be willing to give up their seats at the table provided they took part in the formal discussions.

Another possibility was the use of a Committee system like that of the Cabinet Committee system with which Commonwealth Prime Ministers were familiar. These committees would consist of a representative group of Prime Ministers including at least one of the representatives of the smaller countries. They would be functional in nature and no public knowledge of their composition and working would be needed. There would thus be no loss of status for those Prime Ministers who were not on any one particular committee. It could probably be arranged that all were represented on at least one.

It also seemed generally agreed that it would be desirable to make the agenda more specific than it had been in the past.

Adhu of Ghana had suggested that working papers be prepared prior to the meeting of the Commonwealth Ministers but this proposal had been dropped because no one wanted joint papers.

There was also a proposal, which was not discussed in detail in the report, and which would provide for more preparation of Commonwealth Prime Ministers' meeting (see paragraphs 44 and 45 of the report). These paragraphs were, however, somewhat vague. Their intention was to cover the possibility that the meeting of the officials, now held very briefly prior to the opening of the Commonwealth Prime Ministers' meeting, be enlarged in function and

duration. It might serve, for example, to isolate the main points of interest for the Commonwealth Prime Ministers and could meet for two or three days perhaps some time before the Prime Ministers met.

However, the Group had felt that this proposal should be approached very carefully and had thought it desirable only to include the reference which now appears in paragraphs 44 and 45.

Adhu had made clear during the discussion of these and related points that Ghana would prefer not to associate too much with states which were not yet independent. Those states which are newly independent, he indicated, were sensitive on this point and Ghana had made it a principle of its behaviour at international meetings to adopt this attitude.

It was understood that these notes would be prepared for Mr. Bryce's use, in connection with such memoranda as he considered desirable to prepare for the Prime Minister arising from the work of the Commonwealth Study Group.[35] Mr. Bryce had not yet given the Prime Minister a copy of the report pending its receipt in printed form.

Dictated BUT NOT SEEN BY
J. HADWIN

3e PARTIE/PART 3

RELATIONS ÉCONOMIQUES ENTRE LE ROYAUME-UNI ET L'EUROPE
ECONOMIC RELATIONS BETWEEN THE UNITED KINGDOM AND EUROPE

387. DEA/8490-B-40

Extrait d'un télégramme du haut-commissaire au Royaume-Uni au secrétaire d'État aux Affaires extérieures

Extract of Telegram from High Commissioner in United Kingdom to Secretary of State for External Affairs

TELEGRAM 1347 London, April 29, 1960

CONFIDENTIAL. PRIORITY.

Repeat T&C Ottawa, Finance Ottawa, Bank of Canada Ottawa, Agriculture Ottawa, PCO Ottawa (Priority) from Ottawa, Paris, NATO Paris, Brussels, Bonn, Hague, Geneva, Rome, Washington, Permis New York (Priority) (Information).

By Bag Accra, Canberra, Capetown, Karachi, Delhi, Colombo, Kuala Lumpur, Wellington, Oslo, Copenhagen, Stockholm, Berne, Vienna, Dublin, Athens, Ankara, Madrid, Lisbon from London.

COMMONWEALTH ECONOMIC CONSULTATIVE COUNCIL MEETINGS OF OFFICIALS

Following is a memorandum summarizing the discussion of the main items on the agenda of CECC officials meeting. This memorandum was prepared by Mr. Plumptre for Mr. Bryce for use in connection with Prime Ministers Conference; it will serve as our report of the

[35] Bryce a envoyé une copie du rapport au premier ministre, sans y ajouter de rapport personnel. Il a, cependant, fait un rapport verbal sur les discussions concernant le Chypre. Voir le document 405.
Bryce sent a copy of the report to the Prime Minister, without adding a report of his own. He did, however, make an oral report on the discussions regarding Cyprus. See document 405.

discussion on these agenda items. We shall be reporting about the discussion of GATT items in a separate telegram.

A meeting of Commonwealth Economic Consultative Council at the official level, took place from April 26 to April 28. Many of the officials concerned, having met at somewhat similar meetings and in other ways over the years, know each other well, so that discussion is always frank and friendly. This meeting, however, was particularly useful and interesting. There were several subjects of special topical interest on the agenda, and Sir Frank Lee, the newly-appointed Permanent Head of UK Treasury, is an exceptionally good chairman.

. . .

European Trade Relations

This subject attracted a full day's discussion, much of it technical relating to rather detailed plans of the "inner Six" (France, Germany, Italy, Netherlands, Belgium and Luxembourg) and the "outer Seven" (UK, Scandinavia, Switzerland, Austria and Portugal) and the frustrated attempts of the latter, led by UK, to achieve agreement on a Europe-wide FTA.

UK officials led off with an historical review. This evoked a variety of statements from other countries, many of them marked by a tendency to be more or less critical of UK policy, at least in some of its aspects. Their attitude flowed from the fact that, whether or not repeat not other Commonwealth countries had stood to gain or lose from the original UK proposal for a Europe-wide FTA (excluding agriculture), none of them saw much promise, for UK, in the grouping of the "outer Seven" and none of them expected that, in the foreseeable future, the Seven could persuade the Six to agree to form such an area.

Several Commonwealth countries seemed to have moved a considerable way towards the position which had been put forward by Mr. Churchill last September, at the last meeting of Commonwealth ministers: that UK might, in this new world of convertibility of currencies, give her primary attention to getting tariffs and trade barriers [down on?] a general, world wide basis, through GATT, rather than paying so much attention to getting free entry into the markets of the Six which, after all, absorb less than one-fifth of her exports.[36] UK reply to this, we would judge, is more political than economic, and relates to the position and influence of UK in Europe and throughout the world. Further, it should be added that the European market is nowadays expanding more rapidly than that of USA. In this discussion Canadian delegate indicated that the support given in 1956 and later in 1957 to UK initiative for a Europe-wide FTA (excluding agriculture) could not repeat not automatically be projected into the future, or indeed into the present. There was now no repeat no immediate likelihood of the Europe-wide FTA gaining acceptance, and the conditions of world trade and balance of economic strength between Europe and North America had greatly changed since 1957. New movements, new groupings, would have to be considered and assessed at the time they were likely to be made.

Officials of several countries brought forcibly to the attention of the meeting the fact that, by gradually giving free-entry to the products of other members of the Seven, UK would be gradually eliminating very important Commonwealth preferences. Some Commonwealth countries still have commercial treaties with UK under which tariff preferences are "bound;" UK has obtained release from the relevant sections of these treaties. In 1947 Canada and UK agreed that preferential margins should no repeat no longer be "bound" between them (although a large number of preferential rates of duty were and still are bound). While margins are no repeat no longer bound, there is consultation between the two countries before important margins are reduced. After consulting, before departure, with Mr. Fleming, I made a brief statement confirming that these consultations would continue but warning that, if

[36] Voir/See Volume 26, document 124.

extensive erosion of preferences in UK market took place, this could not repeat not but affect the ability of Canadian government to maintain preferences in Canada.

Commonwealth officials from countries other than Canada and UK were disposed to be critical of the plan to reconstitute the OEEC (Organization for European Economic Cooperation) and to include Canada and USA in its membership. The leader of Australian delegation, typically forthright, said "it will do more harm that good." He and others argued that the new economic organization, in which they are denied membership, will inevitably shift power and influence away from GATT and other international bodies in which they are represented. Moreover, an organization consisting exclusively of the rich, powerful, white countries is unlikely to be beloved by the poorer, weaker, brown-yellow-or-black countries; and such an organization is open to all sorts of mischievous misrepresentation.

This sort of criticism came as no repeat no surprise to representatives of the two Commonwealth countries to be members of the new organization; – UK and Canada. We did our best, without a great measure of success, to calm the fears and eradicate the misunderstandings of the others. The fact of the matter is, of course, that nobody would have thought of calling an entirely new organization into being along the exact lines and with the exact membership of the proposed organization. But the problem is different: it is to take an existing organization, which is too widely beloved by too many powerful members to be allowed to die, and to transform it somehow from a regional, discriminatory body that has cared primarily for the interests of European countries through the difficulties of the 1950s, into a useful, constructive body designed to turn outwards, rather than inwards, the burgeoning economic strength of Europe in the 1960s. It is not repeat not surprising that, at this juncture, the outside countries can only see the rather ugly and ungainly old phoenix that has gone into the flames and have little confidence that the bird that flies out will be markedly different. And it will indeed be an uphill task for those countries wishing to achieve this transformation to see that it is brought about.

. . .

388. DEA/9575-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL Ottawa, June 6, 1960

YOUR MEETING WITH MR. MAUDLING

I understand that you will be receiving Mr. Maudling at 4.00 p.m., Tuesday, June 7. As you know, he has been President of the Board of Trade since the last election in the United Kingdom. Prior to that he was Paymaster General with specific responsibility for the earlier negotiations for a wider Free Trade Area in Europe, which broke down in December of 1958. Mr. Maudling is recognized as an able Minister and it is considered that he has a very good grasp of the technical aspects of trade matters, and in particular with respect to relations between the Six and the Seven.

During Mr. Maudling's absence from the United Kingdom over the past two weeks on an informal visit to the United States there have been growing rumours that the United Kingdom might be seeking a closer association with the Common Market countries. In our Memorandum of June 2† we reported to you on a statement made by Mr. Profumo, Minister of

State for Foreign Affairs, in which the latter indicated that the United Kingdom would be ready to consider anew the possibility of joining EURATOM and the European Coal and Steel Community.[37] This statement has been interpreted in various ways. Officials at Earnscliffe suggest that it was merely an attempt to clear the air in the face of very speculative rumours. On the other hand, most of the press here in Canada interpret this as a first step towards closer relations between the Six and the United Kingdom. This latter view is also reinforced by a number of other related developments. Both industrial and trade union opinion in the United Kingdom has been reacting strongly in recent months to the idea that the United Kingdom might be excluded from the trade benefits of the Six. As the same time, General de Gaulle, who previously had shown a certain amount of apathy about the problems of the Six and the Seven, gave a speech on June 1 in which he urged the confederation of Europe. On balance, it is our feeling in the Department that some very careful re-thinking of United Kingdom policy is underway and we should not be surprised if some new initiatives were launched very soon.

As you know, this question of relations between the Six and the Seven was discussed in rather general terms at the meeting of the Commonwealth Prime Ministers. A number of Prime Ministers expressed concern at the prospect of economic and possibly political division in Europe. This has been interpreted by some sections of the United Kingdom press (and conceivably by Whitehall) to mean that there is no longer any Commonwealth objection to participation by the United Kingdom in some form of closer association with the Six. The United Kingdom may also find some consolation in the position which has been put forward by Australia, and by Mr. Menzies in particular at the Prime Ministers' Conference, that the time was now ripe for negotiations on a broad front between interested Commonwealth countries and the Six. However, while the United Kingdom might regard this as giving them a green light for discussions with the Six, it is our impression that what Mr. Menzies had in mind was simply the traditional Australian position that if there is to be any re-negotiation of Commonwealth preferences, Australia would like to be at the conference table. The Australians have, in fact, rejected the United Kingdom suggestion that the release given by Commonwealth countries a few years ago when the wider Free Trade Area was being negotiated, was today applicable to the European Free Trade Association of the Seven. This is a position which I think we would also support. When the wider Free Trade Area was in prospect three years ago, we agreed that we would not have objections, provided foodstuffs, alcoholic beverages and tobacco were excluded from the arrangements, and provided that rules of origin could be worked out that would not impair Canada's traditional trade with the United Kingdom. In recent months we have reminded the United Kingdom that these undertakings can no longer be taken for granted automatically since the situation has altered drastically. There is little prospect for a wider Free Trade Area of the type envisaged a few years ago; and there is less prospect that what could be worked out would be consistent with GATT principles of non-discrimination.

When you see Mr. Maudling you may wish to say that the Canadian Government has been extremely interested in the recent spate of press rumours and by the statement made by Mr. Profumo about the United Kingdom willingness to consider joining EURATOM and the Coal and Steel Community. In asking Mr. Maudling to comment on these developments it would seem desirable to stress that these European trading developments are of the greatest significance for us in Canada and we would hope that the United Kingdom would continue to consult closely with us in advance of any important decisions which may be taken.

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[37] Voir/See W. Granger Blair, "Britain Seeks End of Snag on Trade," *New York Times*, June 3, 1960, p. 1.

I understand that there is a possibility that Mr. Maudling may see the Prime Minister. In these circumstances, you may wish to sign the attached memorandum to the Prime Minister† to which is attached a copy of this memorandum for his information.[38]

N.A. R[OBERTSON]

389. DEA/9575-40

Le sous-secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Under-Secretary of State for External Affairs to High Commissioner in United Kingdom

CONFIDENTIAL Ottawa, June 8, 1960

Repeat Washington, NATO Paris, Brussels, Paris, Hague, Stockholm, Geneva, Bonn.

VISIT TO OTTAWA OF MR. MAUDLING, PRESIDENT, U.K. BOARD OF TRADE

I am attaching for your confidential information a copy of a Memorandum to File reporting on the conversation between Mr. Maudling, the President of the United Kingdom Board of Trade, and Mr. Green during a visit which Mr. Maudling paid to Ottawa this week.

2. Subsequently at a luncheon Mr. Maudling repeated the same arguments to Mr. Churchill and Mr. Fleming. He went somewhat farther than in his meeting with Mr. Green in saying that the United Kingdom might be obliged to accept a rather fuzzy Free Trade Area (perhaps incorporating many of the features of a Customs Union), but that he was hopeful that what would emerge would still be consistent with GATT. Mr. Churchill said that the Canadian Government would wish a firm assurance that the United Kingdom had not embarked on a changed policy and that there would continue to be very close consultation with Canada. Mr. Maudling said he could give this assurance, but he reminded those present that the United Kingdom in preparing for its negotiating position must examine all possibilities. He reiterated, however, that it was the United Kingdom intention to consult closely with the Commonwealth and with Canada, and that such consultations would certainly be in advance of any important decisions, particularly where these could affect Canada's preferences in the United Kingdom market or trade interests generally.

O.G. STONER
for Under-Secretary of State
for External Affairs

[38] Note marginale :/Marginal note:
Seen by SSEA prior to meeting with Maudling. R. C[ampbell] 7/6
This memo was also seen by the Prime Minister.

[PIÈCE JOINTE/ENCLOSURE]

Note de la 1ère Direction économique

Memorandum by Economic Division (1)

CONFIDENTIAL [Ottawa], June 8, 1960

MR. GREEN'S MEETING WITH MR. MAUDLING

Mr. Maudling, the President of the United Kingdom Board of Trade, accompanied by the High Commissioner, Mr. McGregor, and his Private Secretary, called on Mr. Green yesterday afternoon. Mr. Ritchie and Mr. Stoner were in attendance.

2. Mr. Green initiated the substantive discussion by saying that Mr. Profumo's recent statement in Paris about the possibility of the United Kingdom joining EURATOM and the ECSC had given rise to a great deal of speculation in the press everywhere, including our own, as to whether or not this signified a new change of direction in United Kingdom policy. Mr. Maudling said that it did not. Like all statements drafted in the Foreign Office, this one required careful reading. There has been continuing pressure in the WEU Assembly and in other European parliamentary bodies for the United Kingdom to join these organizations; and there was a growing pressure of public opinion within the United Kingdom for Her Majesty's Government to take new initiatives. This statement was designed "to buy a good deal of goodwill without spending a farthing." Mr. Maudling said, however, that he had some reservations as to whether "poor old Jack (Profumo) had been altogether successful in achieving this." In economic terms, of course, there were little or no benefits for the United Kingdom in joining either EURATOM or the ECSC. Mr. Maudling said that he doubted whether United Kingdom membership would have any practical effect on Canada, indicating that of course as far as EURATOM was concerned some special arrangements for the supply of uranium would have to be worked out if the United Kingdom were to join. In any event, any United Kingdom decision to participate in the work of EURATOM and ECSC would have to be taken in the context of a more general settlement of economic relations with the Six.

3. On the question of general policy, Mr. Maudling said that it was still the United Kingdom's objective to establish a wider Free Trade Area generally along the lines of the one on which there had been negotiations in the OEEC a couple of years ago. In this they were heartened by the continuing pressure in Germany for a Free Trade Area and the reflection of this in the decision of the Six not to accelerate the Rome Treaty to quite the same degree as Hallstein had originally proposed. The Six had made another offer to negotiate with the Seven but in Mr. Maudling's view this was rather meaningless unless there was some clear indication of what the eventual objective was to be. It was, therefore, the intention of the Seven to say to the Six, "Tell us what sort of arrangements you are prepared to work out and we will study them." If, however, the United Kingdom was not successful in negotiating something like the earlier proposed Free Trade Area, their position domestically is going to be very difficult and there would be great pressure for them to do something much more drastic, i.e., perhaps join the Common Market. He suggested that this would be quite disastrous both from the United Kingdom point of view and from the Canadian point of view. The French were still a question mark. General de Gaulle's latest statement had been interpreted by some in the United Kingdom as encouraging, but Mr. Maudling himself found it cryptic. He did not rule out the possibility, however, that after the Summit Conference de Gaulle was now more interested in the creation of a wider European Free Trade Area.

4. Mr. Green enquired how the continuing United Kingdom objective for a European Free Trade Area could affect other countries not included in the Six or the Seven. He mentioned in particular Australia, New Zealand, India, Japan and Latin America. Mr. Maudling replied that

the United States had been very careful in recent weeks to assume a greater position of neutrality as between the Six and the Seven and that Mr. Dillon had told him that if they were able to persuade the Six to negotiate a Free Trade Area consistent with GATT, the United States, while not wildly enthusiastic, would not oppose. He thought that at the recent meeting of Prime Ministers, most of the Commonwealth countries had recognized that something had to be done about the split in Europe, and he suggested that the Commonwealth had generally supported the earlier negotiations for a Free Trade Area. He thought that a wider European Free Trade Area would be of benefit to Canada. He suggested that the real danger for Canada was the possibility that the Six would adopt restrictive policies particularly with respect to agriculture. In a wider Free Trade Area it would be possible to influence the Six towards more outward looking policies. He suggested that it would be, of course, very unfortunate for Canadian agricultural exports if the United Kingdom was obliged by the failure of the Free Trade Area to seek some form of association with the Common Market involving perhaps acceptance of its common agricultural policy. He suggested that Canada and the other Commonwealth countries would have to be very forthcoming on the position of Commonwealth preferences vis-à-vis a Free Trade Area if more disastrous consequences were to be avoided.

5. Mr. Maudling referred briefly to Japan and said that there was no disposition on the part of the United Kingdom or any of the Western European countries to have Japan enjoy any special relationship with these European trading arrangements.

6. Mr. Ritchie asked whether this tendency to regard the problem in terms of a European solution was a political decision by the United Kingdom or whether they could justify it on commercial grounds. Mr. Maudling said that Western Europe was clearly a trading unit in itself and that this had been recognized in the OEEC. When Mr. Ritchie pointed out that the OEEC arrangement had been designed in very special circumstances, Mr. Maudling replied that he thought that the basic considerations were still valid today; and he went on to say that the United Kingdom and other countries would, of course, welcome United States and Canadian participation in a Free Trade Area, but since this seemed impracticable they saw no reason why the Europeans should be held back if they were prepared to move towards free trade. Mr. Ritchie suggested that if there was logic in Mr. Maudling's contention that the split between the Six and the Seven could lead to very unfortunate consequences, then surely there was a danger that a wider Free Trade Area might split Europe from the rest of the trading world with equally unfortunate effects on both political and commercial relations.

7. Following an enquiry from Mr. Green, Mr. Maudling said that the United Kingdom attach great importance to continuing close co-operation with Canada and the other members of the Commonwealth and said that the forthcoming meeting of the U.K.-Canada Continuing Committee offered a good opportunity to discuss these questions very fully. He emphasized, however, that the question of Commonwealth preferences had been a major difficulty in the earlier Free Trade Area negotiations and that the United Kingdom would need all the help that Canada could give them in this respect.

8. Mr. Maudling concluded by saying that he hoped that he had clarified the United Kingdom Government's position on these matters, although he thought he detected some sceptical faces amongst the Canadians present.

9. Mr. Green concluded his remarks by repeating again how much importance Canadians attached to continuing close consultation with the United Kingdom on these matters, in particular if any important decisions were to be taken.

O.G. STONER

390. DEA/10364-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1996 London, June 30, 1960

CONFIDENTIAL. OPIMMEDIATE.

Repeat Washington, Permis New York, NATO Paris, Paris, Geneva, Brussels, Bonn, Hague, Rome, T&C Ottawa, Tariff Delegation Ottawa, McKinnon Finance Office, Bank of Canada Ottawa, Agriculture Ottawa, PCO Ottawa (OpImmediate) from Ottawa (Information)

By Bag Accra, Canberra, Capetown, Karachi, Delhi, Colombo, Kuala Lumpur, Wellington, Oslo, Copenhagen, Berne, Stockholm, Vienna, Dublin, Athens, Ankara, Madrid, Lisbon from London.

UK-CDA CONTINUING COMMITTEE — DISCUSSION ON UK ECONOMIC RELATIONS WITH EUROPE

The discussion under this item on the agenda gradually developed into a fairly free and frank exchange of views about the possible benefits and the possible dangers of a closer UK association with the Six. The discussion confirmed that UK officials and ministers are examining the full range of possibilities open to UK, including a customs union between the Six and UK (with or without the rest of the Seven) and even UK accession to the Treaty of Rome. The importance of the discussion lay in the fact that it was brought out before the Committee that this range of possibilities was under examination; heretofore it has merely been hinted at in private discussion with individual officials.

2. Sir Richard Powell, leading the discussion for UK, emphasized that the reappraisal of UK policy with Europe was still at a very early stage; he was at pains to emphasize that UK minds were still entirely open. At the same time, speaking rather more personally, he expressed with emphasis the conviction that UK must be part of a larger economic group if it is to achieve a satisfactory rate of growth. He seemed to believe that tariffs were not repeat not important in themselves but that their influence on the allocation of investment was of key importance. UK representatives pointed out that to achieve a customs union with the Six would require adjustment by UK on two key front: agriculture and the harmonization of tariffs.

3. The discussion on agriculture was pitched very much in hypothetical terms. Eric Roll, the representative of the MAFF, set out UK worries as to the incompatibility of a system of support for agriculture relying on tariffs and deficiency payments as against what he envisaged to be the sort of agricultural policy to be adopted by the Six: a managed market involving minimum prices which would, in turn, require import licensing, and possibly quotas, and variable import levies. These systems were difficult to reconcile; a policy which was workable for a region which could almost feed itself was not repeat not appropriate for an area which imported a significant proportion of its food.

4. The discussion on tariff harmonization with the Six did not repeat not proceed into any great detail. UK side indicated that they would expect that in any discussion with the Six on harmonization they would be pressed hard to adopt a common tariff on manufactures. They suggested that it would be useful to UK to know for what products tariff harmonization as between UK and the Six would create the most severe difficulties for Canada.

5. Throughout the discussion Canadian representatives made the important point that UK should not repeat not in its re-examination of policy consider taking certain action or not repeat not taking certain action because of Commonwealth interests, but rather that it should make an accurate assessment of how UK interests might be affected by the reaction of Canada (and other Commonwealth countries) to such decisions it might take in regard to Europe. It was made clear that we could not repeat not accept the argument that, in order to achieve an appropriate rate of growth, UK had to join some larger economic unit. We also directed the attention [of] UK representatives to the dangers to them of USA reaction to a wider European economic arrangement. We pointed out that in so far as an arrangement between Britain and the Six had rather less political content than had the creation of the EEC, it would be that much more difficult for USA to accept the increased discrimination against USA goods. We urged UK to examine this aspect of the problem carefully and to bear in mind the dangers of adding to protectionist pressures in USA, which was such an important market for UK goods. As for a possible shift of UK agricultural support policy toward something along the lines of the Common Agricultural Policy of the Six, we made it quite clear that this would be most objectionable.

6. UK representatives suggested that it would be helpful to them in their re-examination of policy if they could have from Canadian side a careful written assessment of how Canadian interests might be affected by the event of some far reaching settlement with the Six, so that they could judge the subsequent reaction on the terms of access to Canada for British exports. We undertook to give consideration to preparing such a paper.[39]

7. We indicated once again the importance we attach to being fully consulted by UK before moves were taken which would affect our interests. We were assured that UK would continue to consult Canada on these matters.

391. DEA/8490-B-40

Le haut-commissaire du Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner of United Kingdom
to Secretary of State for External Affairs

SECRET Ottawa, September 2, 1960

Dear Mr. Green,

I enclose a message from Mr. Selwyn Lloyd, the Chancellor of the Exchequer, about the scope and nature of the discussion on European trade problems which he hopes to have during the course of the meeting of Commonwealth Finance Ministers in London later this month.

I have been asked to emphasise the particular importance which my Government attach to the warning about secrecy in paragraph 10 of the message.

In view of the general interest in the substance of the message, I am sending it also to Mr. Fleming and Mr. Churchill. I understand that a copy has already been communicated to Mr. Drew.

Yours sincerely,

J.J.S. GARNER

[39] Voir/See ICETP Document 208, September 8, 1960,† MAE/DEA 12447-40.

[PIÈCE JOINTE/ENCLOSURE]

Message du chancelier de l'Échiquier du Royaume-Uni

Message from Chancellor of the Exchequer of United Kingdom

SECRET Ottawa, September 2, 1960

EUROPEAN TRADE PROBLEMS

I am sending you this message about the scope and nature of the discussion on European trade problems which we shall hope to have with you and your colleagues from other Commonwealth countries during the course of our meeting here on the 20th/21st September.

2. Some weeks ago it seemed to us unlikely that any constructive move forward towards a European settlement would be practical politics for some time, certainly until both groups had become more established. We had been at pains to state the United Kingdom Government's position in the speech which I made in the House of Commons (as Foreign Secretary) on the 25th July. But there seemed at that time little or no sign of a political will in Europe to take up again serious consideration of negotiations for a longer term settlement.

3. The situation has, however, been changed by what took place during the discussions which at the invitation of Chancellor Adenauer, the Prime Minister and the Foreign Secretary had with him in Bonn on the 10th and 11th August.[40] In those discussions Dr. Adenauer made it clear that he had become convinced of the political dangers which continued economic division in Europe might bring in its train. He indicated that the German Government were anxious to see the United Kingdom brought into some form of closer association in Europe and would be ready to consider afresh what essential requirements on our part would have to be met by the Six to make such an association possible for us given our basic political and other interests (especially of course the position of the Commonwealth). A similar willingness to seek solutions appeared during the talks which the Lord Privy Seal had with the Italian Government at their invitation in Rome later in August. The Dutch Government also have throughout been anxious to achieve a settlement with us.

4. We do not know how far Dr. Adenauer has carried or will be able to carry the French with him in this new approach. But it seems to us desirable that we should respond to what appears to be a distinctly more favourable political atmosphere as represented by Dr. Adenauer's attitude and that we should pursue informal contacts with the Germans (and indeed with the French also) with a view to seeing whether a basis exists for a solution acceptable to the Germans, the French and ourselves before there is any question of embarking upon actual negotiations. The Germans have emphasised to us the desirability of concentrating upon consideration of what are the minimum economic requirements on both sides and how these can be reconciled before any thought is given to possible institutional arrangements. This seems to us a sensible approach.

5. But before we embark on even this exploratory discussion with the Germans and the French, we shall want to have had a full exchange of views at our September meeting. It follows that at that meeting we shall want to give somewhat greater emphasis to a consideration of European problems than would probably have been the case had the situation stayed where it was in July.

6. We shall start from the assumption that there is broad agreement among Commonwealth countries that it will be desirable for the United Kingdom to enter into a form of closer association with Europe provided that certain essential requirements can be met. It seems to us

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[40] Voir/See document 491.

important to secure a settlement. The United Kingdom must be economically strong if we are to be able to continue to play our full part in the economic development of the Commonwealth and in trying to maintain world stability. But our economic strength will be greatly affected if we are progressively isolated from an area of dynamic economic growth like that of the Six. The continuance and deepening of the economic division in Europe would be bound to affect its political cohesion, which is so significant for the peace and political stability of the world.

7. If as seems probable there is a concentration in the forthcoming informal discussions with the Germans on the problems of economic association, the outstanding issue so far as the Commonwealth is concerned will be that of the extent to which Commonwealth free entry is to be maintained in the United Kingdom market. Under the proposals for a European Free Trade Area which we tried to negotiate in 1958, no question of any abrogation of Commonwealth free entry would have arisen since *ex-hypothesi*, we should have maintained full tariff freedom in relation to countries outside the area. It is possible that in the changed political atmosphere there might be agreement to something like a free trade area arrangement but in a somewhat different form — e.g., by having the Six as a unit joining EFTA. This idea was mentioned in Bonn and the Germans showed themselves disposed to consider it.

8. If however in spite of all efforts to achieve such a solution it becomes clear that no agreement can be reached on these lines, we may be driven to the conclusion that a settlement will not be possible unless the United Kingdom is prepared to adopt a common external tariff along with the Six over part of our total import trade. It is however, clear that any general acceptance by us of a common tariff would present difficulties for most, if not all Commonwealth Governments, because of the degree of curtailment of free entry which would be involved.

9. We are anxious that at the meeting on the 20th/21st September we should be able to explore as fully as possible what the difficulties would be if we were obliged to consider the acceptance of a common tariff over part of the field as a *sine qua non* of a solution. Our thinking on this problem is still only at a very preliminary stage. We think that probably it could best be examined under a number of broad heads — e.g. manufactured goods, raw materials, temperate foodstuffs, tropical foodstuffs and so on. Our initial feeling is that on some categories — e.g. basic foodstuffs and key raw materials — we shall find continuance of free entry a vital requirement in view of their crucial importance to Commonwealth countries and ourselves. If that were to be the conclusion the problem would then centre upon the other categories, particularly that of manufactures and certain other raw materials.

10. As you will appreciate it will be most desirable that the fact that such a discussion is to take place should be kept entirely secret at this stage. Otherwise any leakage would complicate the position most seriously in Europe, here and no doubt in Commonwealth countries also.

392. PCO

Note du secrétaire d'État aux Affaires extérieures, ministre des Finances et ministre du Commerce pour le Cabinet

Memorandum from Secretary of State for External Affairs, Minister of Finance, and Minister of Trade and Commerce to Cabinet

CABINET DOCUMENT NO. 289-60 [Ottawa], September 13, 1960
SECRET

COMMONWEALTH ECONOMIC CONSULTATIVE COUNCIL —
EUROPEAN TRADE PROBLEMS

1. A message from the Chancellor of the Exchequer indicates that the United Kingdom is anxious to have substantive discussions about European trade at the forthcoming meetings of the Council on September 20-21 in London. United Kingdom Ministers have apparently decided that they should now make a new effort to find a basis for United Kingdom association with the European Common Market. The possible bases for settlement which have been suggested by the United Kingdom are:

(a) the Common Market Six joining the Free Trade Association of the Seven, or

(b) the United Kingdom joining the Six with a common tariff over at least part of the United Kingdom trade.

The United Kingdom would now like to have an indication from Commonwealth countries in as specific terms as possible what the difficulties would be for them of the United Kingdom adopting a common tariff with the European Six for at least part of its trade.

2. This memorandum outlines the trade implications for Canada of the latest United Kingdom proposals; reviews the position which Canada has taken in the past; and recommends a line for Canadian Ministers to follow at the London meetings.

The Common Market Six Joining the European Free Trade Association

3. This would mean a substantial erosion of Canada's preferential position in the United Kingdom market since the United Kingdom would be granting free entry to members of the EEC as well as to members of the EFTA. The United Kingdom would continue to have its own tariff and Canada would continue to have preferential access to the United Kingdom in competition with the United States and other countries that were not part of the new, broader European group. From a trade point of view, the Common Market group is much more important than the EFTA group as competitors with Canada in the United Kingdom market. Common Market countries would be strong competitors in such areas as synthetic fabrics, tractors and automobiles, a wide range of machinery items, a broad group of chemicals and fine papers. A possible offsetting advantage for Canada might be more improved access to the EEC market through the further processing of Canadian raw materials by the United Kingdom for export to Europe.

The United Kingdom Adopting a Common Tariff with the Six

4. This would mean that Canadian exports would be faced, not only with the loss of preferences in competition with the Six, but in addition would face new duties for many items which now enter the United Kingdom free of duty. Further, there would be preferences in favour of the Six for all dutiable items, that is, the creation of reverse preferences against Canada and the Commonwealth. Were the United Kingdom to adopt the Common Market

Tariff, Canada would be faced with new duties and reverse preferences on such items as aluminum, semi-fabricated metals, the whole range of manufactured and semi-manufactured goods, and most agricultural items.

5. Trade in agricultural products deserves special mention. There is serious danger that, quite apart from any loss of tariff-free entry for these products, Canada would be faced with additional protective devices such as are commonly used elsewhere in Europe. It is unlikely that the United Kingdom could join the Six without making some concession in agriculture involving preferred access for European suppliers.

Canadian Attitude in the Past

6. Over the past three or four years Canada's policy towards all the European regional trade initiatives has been primarily to safeguard our own trade and economic interests, while recognizing that they had broad political and strategic content as well. In *relation to the EEC* we have been particularly concerned about some of the proposed rates for the Common Market Tariff on key Canadian exports, and the serious danger of highly restrictive arrangements for agriculture. These matters are currently under discussion at the GATT Tariff Conference where Canada has a strong delegation.

7. The response of the United Kingdom to the formation of the EEC was to seek a broad European free trade area to embrace the Six. Canada was prepared to go along with this idea on the clear understanding that our agricultural interests in the United Kingdom market would be fully safeguarded. When these negotiations broke down the United Kingdom together with other European non-EEC countries formed the EFTA.[41] Their main purpose was to strengthen their bargaining power for future negotiations with the Six for wide European arrangements. Canada has not opposed the formation of this more limited grouping, but neither have we given our support. In general, we have sought to ensure that the impact on our agricultural and other trade interests should be kept to a minimum.

8. On the matter of bridge-building between the Six and the Seven, we have attempted to focus attention on broader solutions, within the framework of GATT, rather than on new regional groupings. We have stressed the view that any adverse effects of the trade division in Europe could be eased through tariff reductions by the Six and the Seven which would be extended to all GATT countries. The United Kingdom and other EFTA countries have insisted that GATT tariff negotiations would not in themselves solve their problems in Europe and that some form of association between the two groups was imperative.

The United Kingdom Position

9. At the London meetings next week, the United Kingdom will start with the assumption that Commonwealth countries are in broad agreement that it would be desirable for the United Kingdom to enter into a form of closer association with Europe. This is a tactical position designed to obtain commitments from the rest of the Commonwealth in order to facilitate United Kingdom negotiations with Europe, while at the same time minimizing any losses which this might entail in Commonwealth markets. It is to be expected that the United Kingdom will be justifying the case for entry into Europe not only in terms of economic interest but in broad political and strategic terms as well.

10. They will try to direct the discussions in London towards a detailed, sector-by-sector, examination of the possible impact to the trade interests of individual Commonwealth countries. In this way they would hope to mollify the fears and concerns of Commonwealth countries, and at the same time to extract some commitments or at least an assessment of how

[41] Voir volume 26, chapitre V, 2e partie./See Volume 26, Chapter V, Part 2.

far they could go in their European negotiations without prejudicing their own preferential position in the rest of the Commonwealth.

Position of Other Commonwealth Countries

11. It must be assumed that there will be considerable concern on the part of most Commonwealth countries based on their own particular trade interests. However, the trade interests of these countries is much less diversified than our own so that it will be less difficult for the United Kingdom to accommodate them through special arrangements in any European settlement. New Zealand and Australia may be prepared to go along with the United Kingdom scheme in the hope that access for their particular agricultural exports to the United Kingdom and Western Europe taken together would be improved or at least maintained.

Canadian Position

12. The objective of the Canadian Delegation at the London meetings should be to safeguard Canadian trade and economic interests to the fullest extent possible. The United Kingdom should not be left under any illusion that Canada could acquiesce in any arrangements which they make in Europe at the expense of Canada's trade. They should know that impairment of our access to the United Kingdom market for products of all kinds would necessarily call into question the balance of advantage in Canada-United Kingdom trade relations. If there are such prospects, the United Kingdom should realize that adjustments would have to be made by Canada in the interests of Canadian domestic industry and Canada's export trade, which would inevitably affect United Kingdom access to our markets.

13. Compensatory adjustments in the Canadian tariff could take the form of upward movements of preferential rates toward the level of M.F.N. tariffs, or downward movements of M.F.N. rates toward the preferential tariff, or both. The reductions of margins of preference could be of value in negotiations with other countries such as the United States and Western Europe to obtain better access for our exports. Furthermore, we import large quantities of manufactured goods from the United Kingdom and Western Europe, many of which are directly competitive with Canadian production. In such circumstances, the major significance of any adjustments in the Canadian tariff may well be in relation to protection for domestic industry.

14. This memorandum recommends that the Delegation should take a strong and forthright position in defence of Canada's essential trade interests. It does not recommend that the Delegation should oppose the United Kingdom entering into negotiations for association with the European Six. This is clearly a judgment which the United Kingdom would have to make itself in the light of an assessment of its own best interests. We would naturally expect that the United Kingdom would wish to weigh all the considerations, including its interests in trade with the Commonwealth and the general effect on United States commercial policy.

15. It would not be appropriate for Canada to try to exercise a veto on a matter of such importance to the United Kingdom; indeed, we simply do not have the bargaining power to do so. An unsuccessful attempt would lead to serious strains in our relations with the United Kingdom and weaken any influence we might have on the direction of European developments. On the other hand, if the United Kingdom were to turn its back on Europe because of Canadian opposition, they would look to us for trade concessions of all kinds which we are in no position to make in the light of our domestic situation.

16. It would not be in our interests to follow the United Kingdom suggestion to discuss at this meeting the possible impact on individual and detailed sectors of Canada-United Kingdom trade. This would obscure the basic issues involved; and it would draw us into substantive negotiations and possibly commitments at a time when very little is known about the probable

outcome and shape of the United Kingdom negotiations in Europe and when the United Kingdom itself is unable to enter into firm commitments.

17. The Delegation should avoid making any commitments; Canada should retain freedom to act as the circumstances may require when and if the lines of the United Kingdom negotiations in Europe become clearer.

Recommendations

18. The Canadian Delegation to the meetings of the Commonwealth Economic Consultative Council in London on September 20th and 21st should be guided by the lines of policy set out in paragraphs 12-17 inclusive of this memorandum.[42]

[HOWARD GREEN]
[DONALD FLEMING]
[GORDON M. CHURCHILL]

393. J.G.D./VI/722-2/U57

Note du secrétaire du Cabinet pour le premier ministre

Memorandum from Secretary to Cabinet to Prime Minister

SECRET [Ottawa], September 14, 1960

U.K. AND EUROPE CABINET ITEM 2

While the line advocated in this memorandum is correct in terms of trade policy, there is a wider consideration which you should have in mind and which might influence the way Ministers should speak in London.

Our interest in Europe is much broader than trade and is particularly important in defence and foreign policy. The big danger is German domination, especially after de Gaulle goes. The Russians are really worried about a German dominated Europe and might be tempted, at great risk or cost to strike at it. To prevent this, and strengthen the Western Europeans against it, we in North America will be urged to remain involved in, and committed to the defence of, Europe. This is inevitable for a few years, and desirable, but should not go on too long.

The best hope for a stable, sensible Western Europe, I think, is to have the U.K. as part of it. With her, it can have the best chance to become a reliable third force, no longer dependent on North America. It can also become economically strong and prosperous, and the influence in it of the U.K. will be toward external trade, and against too much protection of agriculture.

The immediate problem is whether the stressing of our trade interests, and the amount of bargaining the U.K. will have to do with us as a result, may tip the scales against the U.K. doing the right thing in joining up with the Six in some manner. We should reserve our position, indicate that trade re-negotiation will be needed but not by growling deter the U.K. from doing what their judgment tells them is sensible in regard to Europe. Then, if they join up, let us bargain with them for all we can.

R.B. B[RYCE]

[42] Approuvé par le Cabinet le 14 septembre 1960./Approved by Cabinet on September 14, 1960.

394. DEA/8490-B-40

Note

Memorandum

CONFIDENTIAL [Ottawa], September 22, 1960

THE UNITED KINGDOM, EUROPE, AND THE COMMONWEALTH
DISCUSSION AT THE COMMONWEALTH ECONOMIC CONSULTATIVE COUNCIL

Introduction

The Commonwealth Economic Consultative Council, meeting in London on September 20 and 21, addressed itself to the possibility of "closer association" between the United Kingdom and Europe. This is a report from the Canadian Delegation to that Conference. It attempts an appraisal of the position and intentions of the United Kingdom and the reactions of the other Commonwealth (and Colonial) Governments present. It is based mainly on discussions in the Council, but also on conversations outside. It provides only a broad outline; for details it is necessary to refer to the Summary Record of the Meetings which appears to be complete and accurate; (most statements were read from prepared texts).

Position and Intentions of the United Kingdom

2. The Government of the United Kingdom is deeply perturbed by their growing "isolation" from Europe. Their worries are partly economic but even more political.

3. On the economic side, they consider that, with the growing advantages of large scale production, research and development, they are likely to be outstripped and overshadowed by "The Six." While the United States has a population equal in size to that of The Six, its wage levels are sufficiently high to allow the U.K. to compete with it, at home and abroad. But The Six, with their comparable wage levels, may be expected to capture markets, attract investment and research, and in general to exhibit great dynamism, leaving the United Kingdom in relative stagnation. The United Kingdom representatives argue that Commonwealth countries, heavily dependent on the United Kingdom as a market for their products and a source of capital for their development, should also be very concerned about such a prospect of stagnation.

4. Partly as a result of the relative decline that they fear in their economic position, the United Kingdom would anticipate a decline in their influence in world political and military affairs. The world would be dominated by the U.S.A., the U.S.S.R., and The Six. Their growing worries have been strengthened by the special attention and support which they consider to have been devoted to The Six by the U.S.A. — in sharp contrast to the attention and support devoted to the United Kingdom. This relative neglect by the United States has left a deep impression. It makes the United Kingdom particularly cool towards accepting proposals (put forward by Canadian and other Commonwealth representatives from time to time) that they should seek solutions of their economic problems, not simply across the Channel, but across the Atlantic and on a world-wide basis; certainly they are in no mood to try to woo the U.S.A. into such solutions at this time (although some officials expressed the hope that eventually the U.S. might feel impelled to associate itself with the European arrangement).

5. It is, said the President of the Board of Trade in the Council, in the interests of the United Kingdom and the rest of the Commonwealth to find some solution "whereby the United Kingdom could become part of a wider European association. The United Kingdom is prepared to pay a big price … but not any price." The previous week, speaking in New York on the same subject, the Foreign Secretary had said: "We are determined to find a long term solution … The West cannot afford the luxury of international division."

6. What form the proposed association of the U.K. with Europe might take is by no means clear. Originally, in 1957, the U.K. proposed a free-trade area to embrace the whole of Europe. This formula proved unacceptable on a comprehensive basis in December 1958, but it was shortly afterwards adopted in the association of The Seven. It is, as the U.K. representatives made clear, an approach which allows the United Kingdom to retain most if not all of its existing tariff structure, with free-entry and Commonwealth preferences, and therefore involves relatively little disturbance to Commonwealth trading arrangements. On the other hand, with the lesson of 1958 still in mind, the United Kingdom is also contemplating possible accession to the Treaty of Rome, modified to fit United Kingdom requirements to the extent that they are able to achieve success in negotiations. It was learned that U.K. officials are studying possible adaptations of the Treaty, and in some quarters advantages are seen, from the point of view of U.K. political influence, in the more intimate, organic relationship with The Six which it might provide. However, the adoption of a common tariff and acceptance of other Treaty obligations would involve grave difficulties for the U.K., not only with all members of the Commonwealth, and with some of the EFTA group, but also with various political and economic interests in the United Kingdom especially those of agriculture. U.K. Ministers indicated a definite preference for the free trade approach, but without much hope that it would prove acceptable as a basis for negotiations.

The Reactions of Commonwealth Representatives

7. After the United Kingdom had put forward its position, the other Commonwealth and Colonial representatives made a series of statements. Unanimity emerged on one point. Each of these representatives foresaw the possibilities of damage, in some cases very serious damage, to their markets in the United Kingdom. To this prospect they were all opposed, and some expressed themselves in very vigorous terms.

8. A substantial number of representatives indicated, for the most part in clear even specific terms, that if their countries lost existing commercial advantages in the United Kingdom, if free entry was cut off, if preferences were narrowed or eliminated, or if "reverse preferences" were created against them and in favour of Europe, then the United Kingdom would have to expect loss of existing commercial advantages in their markets. These representatives included those from Canada, New Zealand, India, Ceylon, Malaya and Rhodesia. Several of these representatives called attention to the fact that, if the damage in the U.K. market was severe, the whole system of Commonwealth preferential trade might be in jeopardy. The representative of Ceylon said that, if forced to seek alternative markets, his country might well be driven into closer trading relations, and hence closer political relations, with the Sino-Soviet bloc.

9. There was some discussion, initiated by the U.K., of possible damage in four categories of goods: raw materials, tropical foodstuffs, temperate foodstuffs and manufactures. Since it was impossible to know what sort of arrangements with The Six the U.K. would be able to negotiate, this discussion was largely hypothetical. Naturally, however, each representative emphasized the dangers that seemed most formidable for his own country. The particular dangers to which the Canadian representative called attention would lie in the fields of agriculture (if the U.K. moved towards the agricultural policies likely to be pursued by The Six) and of manufactures (if the U.K. adopted the Common Tariff of The Six and raised reverse preferences against us). Several speakers expressed a strong preference for a free-trade type of settlement rather than a common-market, common-tariff type of settlement but, for reasons indicated above, it is very doubtful that such a settlement is really in the cards.

10. A substantial number of representatives expressed the hope that, in one way or another, they might gain some compensation in the markets of The Six for whatever loss of advantage they might face in the market of the United Kingdom. These included those from South Africa,

India, Pakistan, Ghana, Nigeria, Sierra Leone and Tanganyika. The appearance of the Africans in this group was not accidental. Some of them expressed the hope that their exports might find a preferred, free-entry position in the large and expanding markets of The Six, on terms of equality with the exports of the same group of products from the Associated Overseas Territories of The Six. If this could be negotiated they were willing that exports of the A.O.T.'s should be accorded a similar position of equality in the markets of the United Kingdom. In other words, if this beneficial situation in European markets could be achieved they were willing to forego the more limited benefits of Commonwealth preference in the United Kingdom.

11. The time available (one afternoon and the following morning) was largely occupied by prepared statements, and these, following the lead given in a brief message from the Chancellor three weeks in advance, were very largely devoted to the specific commercial issues outlined above. This left little opportunity for discussion of the validity of the basic position taken by the United Kingdom: – their growing sense of isolation and their urgent need to seek a solution in the direction of European unity. However, views on this position did emerge, either in the main statements or in discussion of a draft communiqué put forward by the United Kingdom. It became quite clear that Canada, New Zealand, Ceylon and Hong Kong (and possibly The West Indies) were unwilling to accept the broad assumptions of the United Kingdom. Australia and India indicated reluctant acceptance of the situation if the United Kingdom decided that it should pursue its European objectives. The attitude of these and others may be described as one of wistful resignation.

12. On one further point unanimity emerged. All accepted it as a fact that, in the last analysis, the ultimate decisions whether to pursue the possibility of an accommodation with The Six, and if so on what terms, had to rest with the Government of the United Kingdom.

Future Arrangements

13. The United Kingdom will, next week, be making a statement, and no doubt having informal talks, at the European Assembly in Strasbourg. Later, the Lord Privy Seal (Mr. Heath), now responsible for negotiations in this field, will be paying his first visit to Paris. And early in October there are meetings of The Seven (EFTA) at which discussions similar to those with the Commonwealth are to be held. There are no special discussions scheduled with the United States (although there may be some conversations on the side at the Bank and Fund meeting next week).

14. The United Kingdom representatives emphasized that, as yet, they had no idea of the position of the French, which could be decisive. They also emphasized that there were no U.K. proposals being put forward and no negotiations; indeed there could be none until it had been discovered whether a basis for negotiations in fact existed. However, they knew that Germany was now, like themselves, concerned about the split of Europe into Sixes and Sevens; and similar views had more recently been expressed to them by the Italians. The Dutch had, from the beginning, been fearful of the results of a split. But, even though they had friends in their endeavour, a long period of discussion and negotiation lay ahead — perhaps years. (While there is no substantial basis for questioning this U.K. appraisal of the length of time required, it is at least conceivable that the U.K. might find it desirable to move more rapidly in order to take advantage of the mood in Germany before the 1961 elections and in order to be in as strong a position as possible by the time the new U.S. president gets effectively into office.)

15. The United Kingdom undertook to keep Commonwealth Governments closely and continuously in touch with developments. They said they would be willing to call another ministerial meeting when there was new ground to cover and if at that time other Commonwealth Governments considered that this was preferable to meetings of officials or direct bilateral exchanges through the usual channels.

Conclusions

16. The meeting of the Council just concluded was timely and important. Its timeliness sprang from the fact that the United Kingdom was able to call the Commonwealth together immediately after new possibilities of U.K.-European relationships were opened up, but before the United Kingdom had found a basis for negotiations and hence before its position had crystallized. In this situation, Commonwealth representatives were able to speak frankly, and as fully as the available time allowed, about a very broad range of possibilities. The meeting may, depending on future events, turn out to be of high importance for the future of all Commonwealth countries — by no means excluding Canada.

17. The United Kingdom may in the near future be faced by a momentous and difficult choice. To some who attended the meeting it seems that, within the United Kingdom, there may be a tendency to underestimate the formidable difficulties involved in an attempt to break into The Six. This implies, possibly, an underestimate of the threat to established channels of Commonwealth trade. How readily the Commonwealth might be able to accept the resulting strains it is not easy to tell.

18. Some, within the United Kingdom, appear to overestimate the extent of the ultimate influence, political and economic in the Europe they wish to produce. They may, at the same time, be underestimating the effect which their inclusion in The Six might have on the special influence which the U.K. has often in the past been able to exercise with the U.S.

19. It is not at all clear, incidentally, what might happen to The Seven. While some — Norway and Denmark for example, — might be happy to join The Six, "the neutrals" — Sweden, Switzerland and Austria — cannot be expected to do so (except perhaps on a looser free-trade-area basis). The goal of European unity is not achieved simply by an accommodation between the United Kingdom and The Six.

20. And for Canada, there can be little pleasure in any possibility that the United Kingdom might lose any part of its identity in a more highly unified, centralized Europe and, in doing so, might offer to Canadian producers less favoured terms of access to its markets. The historic Canadian balance, economic and political, between the United States on the one hand and, on the other, the United Kingdom and the Commonwealth, would surely be disturbed. As the Canadian spokesman said in the Council:

"I have emphasized that we cannot tell what would in fact emerge from the United Kingdom proposals now before us. However, if the more damaging possibilities in fact materialized, if the impact on free entry and Commonwealth Preferences was far reaching and if reverse preferences were created against us, many Canadians would consider that the system of Commonwealth Preferences was at an end. Indeed, in the light of the history and present contractual structure of preferences throughout the Commonwealth, it is difficult to imagine what would survive if all, or even a large group, of the preferences granted by the United Kingdom were to be withdrawn. Under such circumstances, the pressures for Canada to embark on closer trade associations with other countries, particularly the United States, would be greatly increased."

395. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], September 23, 1960

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,

The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Solicitor General and Acting Secretary of State for External Affairs (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness), (for morning meeting only)
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith), (for morning meeting only)
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Dr. Hodgson).

REPORT ON COMMONWEALTH ECONOMIC CONSULTATIVE COUNCIL MEETINGS

1. *The Minister of Finance* said the recent meetings in London of the Commonwealth Economic Consultative Council had been most important as well as timely. The Council had discussed aid to Africa but had spent most of its time on the possible association of the United Kingdom with the European Common Market. It had been evident that the four U.K. Ministers in attendance and the Lord Privy Seal had hoped to obtain from the Commonwealth countries present some measure of acquiescence in this regard. British officials during the two or three weeks preceding the meetings had been unwilling to discuss the point of view of their government on the question of joining the Six. It was clear that Chancellor Adenauer had recently approached Mr. Macmillan entirely on his own initiative and mainly because of uneasiness over U.K.-West Germany relations and not as the result of his earlier meeting with de Gaulle. Both the Netherlands and Italian governments were in favour of the U.K.'s close association with Europe. The attitude of de Gaulle, however, was still unknown. If de Gaulle was not interested in bringing the United Kingdom into some form of closer association with Europe the whole matter would be purely academic. The Lord Privy Seal had been given the task of exploring the United Kingdom's economic and political relations with Europe.

Most Commonwealth countries present at the Council meetings had strongly attacked the idea of the U.K.'s closer relations with Europe lest it would impair Commonwealth preference and result in the loss of markets in the United Kingdom. It was obvious that some members of the British Cabinet felt that, in view of the strength of the Soviet Bloc and the increasing strength of the Six, Britain should "climb on the wagon."

2. *Mr. Fleming* said it was clear that there were no negotiations going on at the present time nor were any firm proposals put forward by the British but it was evident, however, that they were bound to make an early approach to see to what extent they should become more closely associated with the Six. Mr. Selwyn Lloyd had told him in confidence, however, that he did not think "anything will ever come of this." The United Kingdom and other countries of the Commonwealth had indicated their intention to increase aid to African countries.

3. *The Minister of Trade and Commerce* was of the opinion that, after having listened to the Commonwealth countries at the Council, the U.K. would have to take a second look before joining the Six. Only 14 per cent of the U.K.'s exports went to Europe; 44 per cent of their trade was with the Commonwealth. He did not think there was any logic in the British view that, in so far as their relations with Europe were concerned, the political aspects overrode the economic ones. The Commonwealth would be weakened if the United Kingdom moved closer to Europe and there would be a vacuum created in Commonwealth leadership.

4. *The Cabinet* noted the reports of the Minister of Finance and of the Minister of Trade and Commerce on the meetings of the Commonwealth Economic Consultative Council.

. . .

396. J.G.D./XII/B356

Le haut-commissaire au Royaume-Uni
au premier ministre

High Commissioner in United Kingdom
to Prime Minister

TELEGRAM 3519 London, November 20, 1960

SECRET. NO DISTRIBUTION. EMERGENCY.

For immediate and personal delivery to the Prime Minister.

I think it would be most important to include in your speech tomorrow[43] a reference to the reports which have been appearing in some of the most responsible British publications, which convey the impression that Canadian government has been taking steps to reduce British exports into Canada. When I met the members of the Canadian Timber Mission, made up of the leading executives in this field right across Canada, who were in this country about four weeks ago I was greatly struck by the fact that almost every one of them in personal conversation with me spoke of the objections which were being raised to Canadian attitude towards British sales to Canada. The fact is that most of this has arisen because of statements made by representatives of the motor industry and particularly the members of the Rootes family. Quite apart from the fact that these statements are grossly inaccurate and apply to only one branch of British industry, there can be no repeat no doubt that their cumulative effect is leaving a very definite impression in the minds of the general public that Canadian government is raising barriers against British trade with Canada. In fact this has already become sufficiently general that starting this coming week we are beginning a planned programme of speeches here to counteract this impression. A statement by you tomorrow could not repeat not be more timely and will do infinitely more than anything we can do here to impress the people responsible for this propaganda, and what is perhaps more important the better newspapers, with the necessity for some caution and accuracy in stating their case. I suggest that something along the following lines would have a very useful effect and attract considerable attention here as well as at home: "We have been greatly encouraged by the substantial increase of exports to Britain and have also been very pleased with the continuing increase of British trade

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[43] Ce télégramme, avec les modifications apportées par E. Davie Fulton, a servi de base à un discours prononcé par le Premier ministre à la Chambre des communes le 21 novembre 1960.
This telegram, with amendments by E. Davie Fulton, was used as the basis for a speech made by the Prime Minister in the House of Commons on November 21, 1960.

with this country.[44] That has been the declared objective of this government since it took office. It is because of the satisfactory improvement which has taken place that I am so surprised to read some of the reports which have recently appeared in the most responsible newspapers in UK which convey the impression that there is something wrong in the trade relationship between our two countries. As an example this statement appeared in the London *Times* of October 19, attributed to a leading British businessman: 'last year Britain imported 250 million pounds worth more goods from Canada than we exported to Canada. We intend to take vigorous measures against anything likely to upset our export trade.' The figure given is so ridiculous that it might be suggested that this would not repeat not mislead anyone. However, it did appear in what is frequently regarded as the most responsible newspaper in Britain, and it has not repeat not subsequently been corrected either by the newspaper or the businessman to whom it was attributed. I need hardly point out that the figure mentioned is not repeat not far short of our total sales to Britain last year, but unfortunately most of the people reading that statement would not repeat not be in a position to know how absurd it was. Consequently they could well believe there is such a serious trade imbalance that they might be prepared to listen to arguments about 'retaliatory action' which has been suggested by other British businessmen. Our desire is to see trade both ways increase rapidly in the years ahead. Our exports to Britain this year will be the highest in history, perhaps coming close to one billion dollars. British exports to Canada are still higher this year than they have ever been. We see no repeat no reason why there cannot repeat not be a rapid expansion of trade both ways to our mutual advantage, and I would hope that the day would not repeat not be too far distant when the annual sales each way would be close to two billion dollars. That is the reason I am so disturbed by an impression which is being created in UK which might halt this great advance in trade. After all, in our democratic countries, governments merely reflect public sentiment and an unfavourable sentiment toward Canadian trade in UK could have effects going far beyond its unfavourable influence upon the growing trade which will so greatly help both our countries. Trade both ways has been growing and we hope it will grow much more rapidly in the years ahead. But it would be very helpful if those who are interested in the advancement of good will between our two countries would impress upon the people of Britain how rapidly their own trade with us has expanded during these past few years. After several months of careful organization we sent a trade mission to Britain in November 57[45] which was perhaps unique in the trading relationship between any two trading countries. That mission, made up of leading Canadian businessmen, went to Britain not repeat not for the purpose of selling Canadian products but for the declared purpose of demonstrating to British exporters the opportunities open to them in Canadian markets. Since then similar efforts have been made at different times and our officials at Canada House have cooperated with British manufacturers in every possible way to carry forward the purpose of that mission. The results speak for themselves. British sales to Canada in 1956 had a total value of dollars 476 million. Last year they totalled dollars 589 million, an increase of almost 22 percent. This year for the first nine months their exports to Canada are still higher than they were for the corresponding months last year. While their total exports to Canada are not repeat not as high as our exports to Britain, they have a substantial advantage in the invisible exports with the result that the net balance of payments between our two countries last year was more favourable to UK than it

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[44] Note marginale :/Marginal note:
In connection with our trade picture, it is extremely satisfactory to note particularly the improved position of our trade with the United Kingdom. This satisfactory picture is reflected not only in our exports to that country, but also in our imports, and the percentage of our imports, originating in the United Kingdom. [E. Davie Fulton]

[45] Voir volume 24, chapitre III, 7e partie (i)./See Volume 24, Chapter III, Part 7 (i).

has ever been since records of our annual trade have been available. We believe that there is a great and challenging opportunity for the complementary economies of Canada and Britain to support a vastly increased trade which will produce increased employment and income in both countries. The figures I have quoted offer the most convincing evidence of what has already been accomplished and how much more can be done in the years ahead if the people generally in both countries, who in the end will always determine the volume of trade, are given an accurate picture of what the facts really are. It is because of my firm faith in the future of the Commonwealth and particularly in the immense mutual possibilities of close trade ties between Canada and Britain that I have taken occasion to mention these disturbing reports which have been brought to my attention, and to express the hope that those who have been responsible for them will give careful consideration to the possible consequences in either country of propaganda calculated to impair the bonds of good will *upon which much more than trade depends*."

4e PARTIE/PART 4

ADHÉSION DE CHYPRE DU COMMONWEALTH
MEMBERSHIP OF CYPRUS IN THE COMMONWEALTH

397. DEA/12833-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur en Grèce

Secretary of State for External Affairs
to Ambassador in Greece

TELEGRAM K-4 Ottawa, January 5, 1960

SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.
Reference: Your Tel 93 Dec 29.
Repeat London (Priority) (Information).
By Bag Ankara from London.

CYPRUS AND COMMONWEALTH

As you have probably gathered, essence of UK proposal is that Cyprus should be granted special status which would be equivalent to full Commonwealth membership with exception of right of attendance at Prime Ministers' meetings or other meetings on defence or foreign policy. Reasons given for excluding Cyprus from full membership include its small area, population and international importance, and close association with Greece and Turkey which might inhibit free exchanges at meetings on important policy questions. Our understanding of UK view on treaty relationship with Greece and Turkey is that it constitutes some derogation from full sovereignty and therefore warrants something less than full Commonwealth membership, rather than that form of Commonwealth association proposed would itself detract in any way from full sovereignty.

2. In informing Canada of proposals, UK made point that Cyprus was unique case and would not repeat not establish precedent for two-tier Commonwealth. It was further stressed that UK only wanted concurrence in use of proposals for preliminary soundings with Cypriots, and that any conclusions reached would be referred back to members for further consideration.

3. In letter of October 3 to UK High Commissioner,[46] Prime Minister recalled that he had had doubts about wisdom of creating new form of relationship in Commonwealth. These doubts had not repeat not been entirely removed as result of further consideration; idea of special form of membership seemed to have serious implications for future of Commonwealth. He appreciated unique and peculiar position of Cyprus, however, and recognized that there was some force in argument that special solution for Cyprus need not repeat not establish precedent. He therefore agreed to use of UK proposals for cautious exploration of Cypriot views.

4. So far as Canadian association with UK proposals is concerned, situation remains at this point.

5. Your reference telegram has provided most helpful indication of Cypriot reactions to UK proposals, and we should welcome any further information of this kind which you may receive. You will appreciate from foregoing paragraphs however (which are of course for your own information only) that it would not repeat not be appropriate at this stage for Canada to intervene with Cypriots, either directly or through the Greeks. Meanwhile your reference telegram has been shown to UK High Commissioner, who has expressed warm appreciation and undertaken to pass substance of it immediately to London.

398. DEA/12833-40

Le haut-commissaire du Royaume-Uni au premier ministre

High Commissioner of United Kingdom to Prime Minister

SECRET [Ottawa], January 6, 1960

Dear Prime Minister,

Thank you so much for your letter of 2nd January about Cyprus.†

I think you will like to know that I have now had a further telegram from London reporting a fresh development — viz. a proposal by my Government to convene a meeting in London in the middle of this month to which they are inviting the Foreign Ministers of Greece and Turkey together with Archbishop Makarios and Dr. Kutchuk. The reasons for this are as follows.

United Kingdom Ministers have reviewed the progress of the Cyprus negotiations and the work still to be done before independence can be achieved. If the Independence Act is to be passed in time for the transfer of power to take place on February 19th, the second reading debate in the House of Commons must be held early in the week beginning February 1st. This means that the Bill and the necessary explanatory White Paper must be published by January 25th, and that the information needed for drafting them must be available by January 19th. In drafting these documents Ministers will have to be ready publicly to define the sovereign areas and will have to know where we stand on Cyprus' future relationship with the Commonwealth. Our Ministers must also be in a position to assure Parliament that our military requirements have been met.

The London Committee has already made considerable progress towards clarifying the issues and reaching agreement on a draft treaty of establishment. The United Kingdom Deputy has instructions to press ahead in seeking agreement on outstanding issues and isolating the

[46] Voir/See Volume 26, document 117.

main points of disagreement. But it is already clear that the Committee cannot at its level reach agreement on all outstanding points in time for the above timetable to be carried out. It is in the interest of all parties that the London and Zurich Agreements of February 1959 should be put into effect on the date planned and, for our part, we are not seeking postponement of that date. Moreover, it seems clear that the points still undecided will need high level decisions of principle and there would therefore be little point in merely prolonging the negotiations on their present basis.

United Kingdom Ministers have therefore decided that the only way to resolve the problem is to refer outstanding questions to a "meeting of principals." The intention is not to reconvene the London Conference of last February, or to imply in any way that we are reconsidering the decisions reached then. A meeting of principals would, in effect, be the culmination of the London Committee's work at full Ministerial level. We should not be seeking to resolve a crisis; we should merely be aiming to reach final decisions in time for the agreed timetable so that only drafting would remain.

My Government propose therefore that for this purpose the proposed meeting should be at Foreign Minister level (Mr. Macmillan will in any event be away) with Archbishop Makarios and Dr. Kutchuk representing the Greek and Turkish Cypriots respectively. We hope that three or four days will suffice and we have therefore suggested that the participants should assemble in London on January 14th, with a view to starting work on the following morning.

I understand that both the Cypriot leaders have accepted the invitation; but my Government are anxious to avoid any publicity until it is known whether all concerned can attend.

I understand that my Ministers hope to have an opportunity for further discussion of the Commonwealth issue in personal talks with Archbishop Makarios and Dr. Kutchuk in London. I shall of course not fail to let you know of any developments.

Yours sincerely,

J.J.S. GARNER

399. DEA/12833-40

Le haut-commissaire du Royaume-Uni au premier ministre

High Commissioner of United Kingdom to Prime Minister

SECRET [Ottawa], January 11, 1960

Dear Prime Minister,

In continuation of my letter of the 6th January, I have now had a message from London to say that the latest indications are that Archbishop Makarios and also Dr. Kutchuk are turning away from the Commonwealth association plan. It is not yet known whether they intend at the forthcoming conference to raise the issue of Commonwealth membership in any way or whether they will decide that Cyprus should become a foreign state.

No doubt the matter will become clearer as soon as our Ministers are able to talk to the Cypriot leaders in London, and I shall let you know as soon as I hear anything further.

Yours sincerely,

J.J.S. GARNER

400. DEA/12833-40

Note

Memorandum

SECRET [no date]

CYPRUS AND THE COMMONWEALTH

Notes on Significant Factors

(a) U.K. proposals, including idea of special form of membership for Cyprus, were given to us September 15; U.K. hoped Commonwealth would agree to proposals and requested our views as soon as possible, mentioning deadline of February 19 for Cypriot independence. (Request has never been withdrawn).

(b) U.K. indicated immediate requirement was for Commonwealth approval of use of U.K. proposals for exploring Cypriot views (not necessarily approval of substance of proposals).

(c) P.M. approved use of proposals for cautious exploration of Cypriot views, but indicated doubts about wisdom of creating special form of Commonwealth membership. (Letter to U.K. High Commissioner October 3.)

(d) U.K. authorities informed us Makarios and Kutchuk seemed inclined to accept U.K. proposals. U.K. legislation was to be drafted which would have effect of committing U.K. to some form of Commonwealth membership for Cyprus. (Reported to P.M. in memo from Minister on December 1.)[47]

(e) Legislation would not, so far as we know, directly prejudge question of *special* membership. If Commonwealth P.M.s subsequently rejected idea of special membership, however, U.K. would be in difficult position: being committed to some form of membership for Cyprus (in agreement with Cypriot leaders and by legislation) U.K. would have to accept full membership; but full membership, we have been told, could not at present be accepted by U.K. opinion.

(f) To this extent, therefore, final U.K. agreement with Cypriots and passage of legislation would prejudge both admission of Cyprus as a member and special form of membership proposed. Objections by any Commonwealth member — certainly to the first and probably to the second — after February 19 would prove extremely embarrassing to U.K.

(g) Makarios now has considerable doubts about wisdom of accepting special form of membership. (Telegrams of December 29 and January 7† from Athens and London.)

(h) U.K. Ministers still believe unresolved questions (principally concerning U.K. bases but also including Commonwealth questions) can be settled with Cypriots in time to meet February 19 independence date, and to this end have called meeting of U.K., Greek and Turkish Foreign Ministers, with Makarios and Kutchuk, to commence January 15. (U.K. High Commissioner's letter of January 6 and London telegram of January 7.)

(i) U.K. deadline has been advanced to January 19 (in effect to January 15, when the Foreign Ministers meet) since this is final date for material needed in drafting proposed Independence Bill and White Paper. (U.K. High Commissioner's letter of January 6.)

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[47] Voir/See Volume 26, document 118.

Possible Outcomes of January 15 Meeting

(i) Meeting might break down over non-Commonwealth issues, e.g. questions regarding bases. Independence might then be delayed, but probably not indefinitely. (With luck, it might be delayed long enough to enable Prime Ministers' Meeting to consider membership question.)

(ii) Makarios might demand full membership. U.K. would probably refer question to Commonwealth members, recommending acceptance either reluctantly or not at all. (London telegram of January 7.†) Independence might or might not be delayed on this account if agreement had been reached on other issues; in any event, it might prove possible to leave the membership question for decision at the Prime Ministers' meeting.

(iii) Makarios might accept the form of special membership proposed, in which case (if agreement had been reached on other issues) the timetable for U.K. legislation and Cypriot independence would go forward as now planned. Makarios would be very apt, however, to agree to special membership with the intention of seeking full membership later, and he would stand a very good chance of achieving this result whether this was his initial intention or not. Moreover, there would be virtually no possibility, in this case, of Cyprus being subsequently relegated to any form of non-member status, as it might be in the circumstances envisaged in (i) or (ii) above. (Non-member status might involve some special recognition — e.g. tariff preferences — by Commonwealth members, and would probably require the granting of special citizenship status for Cypriots by the U.K.)

Questions

1. Would the Prime Minister be prepared to accept whichever of these sets of circumstances might be found to have emerged from the London meeting? (If "yes," nothing more would seem to be required than a simple acknowledgement of the High Commissioner's letter of January 6, although the U.K. authorities would probably appreciate being assured that Canada did not intend to raise any difficulties.)

2. Specifically, would the Prime Minister be prepared to accept:

(a) special membership, which is what the U.K. authorities are still actively seeking, and which entails the strong possibility of subsequent full membership;

(b) full membership, bearing in mind the manifest disadvantages of Cyprus as a full and equal member of the Commonwealth, as well as the possible advantages?

3. Or would the Prime Minister prefer some form of non-member status for Cyprus, and if so would his preference be sufficiently strong to warrant taking steps to ensure that this possibility remained open?

4. Would the Prime Minister wish to re-assert his misgivings about creating a new form of Commonwealth membership, bearing in mind that this might inhibit the U.K. Ministers in the forthcoming meetings, and could conceivably result in Canada being assigned some measure of blame for failure to reach agreement and even for failure to meet the proposed independence date?

5. Would the Prime Minister wish to warn the U.K. Government of the dangers we foresee in insistence on the proposed form of special membership (a possible contrary decision by the Commonwealth Prime Ministers, with consequent embarrassment to the U.K.; the strong possibility, in any case, that it would lead to full membership eventually), bearing in mind both that this might appear officious on Canada's part, and that it might inhibit the U.K. Ministers in the forthcoming meetings?[48]

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[48] Le premier ministre a vu ce document le 9 janvier. Voir le document suivant.
This paper was seen by the Prime Minister on January 9. See the following document.

401. DEA/12833-40

Note de l'adjoint spécial au secrétaire d'État aux Affaires extérieures pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Special Assistant to Secretary of State for External Affairs to Under-Secretary of State for External Affairs

SECRET [Ottawa], January 11, 1960

CYPRUS AND THE COMMONWEALTH

The Prime Minister commented this morning on the paper which was given to him on January 9 regarding the possible outcomes of the forthcoming London conference on Cyprus.

On the basis of his comments to me, the Prime Minister's position may be summarized as follows:

(a) He finds it difficult to understand how the United Kingdom could have thought that the Cypriot leaders would be willing to accept some form of limited membership within the Commonwealth. Apart from the Cypriot attitude, he thinks that the formula proposed by the United Kingdom is undesirable from the point of view of the Commonwealth as a whole and should be accepted "only as a last resort;"

(b) He would see no serious objection to full Commonwealth membership for Cyprus;

(c) If the interests of the United Kingdom and Cyprus, as the parties principally concerned, were adequately served by some form of external relationship for Cyprus with the Commonwealth, the Prime Minister would see no objection to such a solution. The Prime Minister appreciates that if this solution were adopted it might involve some special recognition, e.g., tariff concessions by other members of the Commonwealth.

The Prime Minister has no strong preference between (b) and (c) above. I think that in his reply to Garner he would wish to let the United Kingdom Government know that either of these solutions would be acceptable to Canada. On the other hand, I do not believe that he feels sufficiently strongly about either solution to commend it particularly to the United Kingdom.

I am sure that the Prime Minister would wish the letter to Garner to reflect his continuing misgivings about the original United Kingdom proposal, but not so emphatically as to embarrass or irritate the United Kingdom. In view, however, of the most recent indications of the attitudes of the Cypriot leaders (Garner's letter of January 11), a restatement of Canadian misgivings on this score would now appear to be of somewhat lesser practical importance.

With regard to the point that Makarios might agree to special membership with the intention of seeking full membership later, the Prime Minister was inclined to doubt that Makarios would agree even temporarily to a formula which might appear to derogate from full sovereignty for Cyprus.

H.B. ROBINSON

402. DEA/12833-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire du Royaume-Uni

Secretary of State for External Affairs
to High Commissioner of United Kingdom

SECRET Ottawa, January 12, 1960

Dear Sir Saville [Garner],

The Prime Minister has asked me to reply to your letters of January 6 and 11 informing him of the proposed meeting in London to discuss certain aspects of the future arrangements for Cyprus. I hope that this meeting will succeed in bringing the four parties into accord.

From your letter I note that further discussion may take place with Archbishop Makarios and Dr. Kutchuk on the question of Commonwealth association for Cyprus. You are, I think, broadly familiar with our views on this matter, but it might be useful if I were to comment on the various possibilities as we see them in the light of developments which might arise at the forthcoming discussions.

Of the various positions which the Cypriot leaders might take in London on the question of association with the Commonwealth, one is a demand for full and equal membership. Doubtless such a demand would be referred to the whole membership for consideration — possibly being left for decision at the Prime Ministers' Meeting in May. From the Canadian standpoint there does not appear to be any insuperable obstacle to full membership for Cyprus.

It is our understanding that United Kingdom Ministers are still hoping that Cyprus may accept the special form of association they have proposed. For our part, we had thought it by no means certain that the Cypriot leaders would in the final analysis agree to a special form of association with the Commonwealth, which might have the effect of presenting Cyprus to the world as being, in the opinion of its Commonwealth associates, something less than fully sovereign, with the implications this might have for such questions as United Nations membership. Apart from this, there was the possibility that Archbishop Makarios might, for example, accept special association with the intention of seeking full and equal membership at a later date; in the long run full membership might prove difficult to refuse. If this were likely to be the end result, it would seem preferable to move in that direction from the outset.

Alternatively, the Cypriot leaders might prefer to abandon any idea of Commonwealth membership, while presumably retaining some form of association with one or more Commonwealth countries. We should see no serious objection to this.

In view of the desire of your Ministers to discuss with Archbishop Makarios and Dr. Kutchuk, during their visit to London, the question of the association of Cyprus with the Commonwealth, we have been anxious to make our views available to you before that time. You have agreed to inform us of any developments. We shall, then, look forward, in the light of those developments, to discussing with your Government and those of other Commonwealth countries a matter which we consider to be of prime importance to the general future of the Commonwealth.

Yours sincerely,

HOWARD C. GREEN

403. DEA/50085-H-40

Note de la Direction du Commonwealth

Memorandum by Commonwealth Division

CONFIDENTIAL [Ottawa], April 21, 1960

CYPRUS AND THE COMMONWEALTH

The British and the Cypriots have so far been unable to reach an agreement on the future of the military bases on Cyprus. We do not know when Cyprus will become independent or when, or indeed if it will ask for Commonwealth membership. The relationship of Cyprus to the Commonwealth is, however, on the agenda of the coming Prime Ministers' Meeting.

The advisers are carrying a summary of recent events concerning Cyprus with the texts of the principal documents of interest to Canada. From the Canadian point of view the key document is the Minister's letter of January 12, 1960, to Sir Saville Garner. This letter said that, from the Canadian standpoint, there did not appear to be any insuperable obstacle to full Commonwealth membership for Cyprus. It said also that if the Cypriot leaders preferred to abandon any idea of Commonwealth membership, while presumably retaining some form of association with one or more Commonwealth countries, we should see no serious objection to this. It further indicated that the idea of a special form of association for Cyprus with the Commonwealth did not appeal to the Canadian Government.

Almost certainly the Cypriots, if they decide in favour of a Commonwealth tie, will not ask for less than full membership. Such membership would not seem to create any material difficulties for Canada. Any inconvenience in respect to citizenship and immigration would be merely administrative, technical and temporary. The effect on our trade with Cyprus would be the same whether the new state were completely in or completely outside the Commonwealth — trade would probably decline either way, but is too small to matter much. No legal difficulties are to be expected. Looking at it the other way, there would seem to be no fashion in which the absence of Cyprus from the Commonwealth would injure Canada's interests.

In short it appears that our *national* interest is not sufficiently involved to justify our pressing for the admission of Cyprus if other Commonwealth countries are opposed to it; neither does this interest incline us to keep Cyprus out of the Commonwealth.

It is necessary also to look at the interest of the Commonwealth as a whole as distinct from our strictly national interest. The future membership of the Commonwealth may be seriously affected by the decision now taken. Cyprus would be the first applicant from the class of really small unviable British colonies and dependencies. There will be more of them later. Its admission would be an important precedent, although not necessarily a binding one. It would, therefore, seem reasonable that the discussion on Cyprus should follow rather than precede whatever general discussion on the future size and form of the Commonwealth and on the admission of new members may occur. (A separate paper has been prepared on the latter subject.)[49] It would seem equally reasonable that a definite decision on the membership of Cyprus might be deferred until independence has been agreed upon and positively dated and a Cypriot application has been received.

If a final decision does become necessary at this meeting, the Canadian policy might be not to oppose a request from Cyprus supported by the United Kingdom for full membership. If the new Republic sought membership and were rejected at this stage, the older members might be heavily blamed not only by British dependencies which hope to become Commonwealth

[49] Voir/See document 359.

members later and have been encouraged to hope so, but also quite likely by Middle East states which could ascribe the refusal to resentment against recent activities of the Cypriots. At the least, refusal would adversely affect the popularity of the Commonwealth and of some of its members in Asia and Africa.

Should it be the Canadian decision thus to favour Cypriot membership, it may be desirable to make it clear that this consent ought not to be understood at this stage to imply our willingness to support later applications from other territories.

Separate memoranda† have been prepared concerning membership of Cyprus in the United Nations and in NATO.

404. DEA/12852-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], July 16, 1960

CYPRUS AS A COMMONWEALTH MEMBER

Before leaving for the meeting of the Commonwealth Study Group at Chequers yesterday, Mr. Bryce asked us to secure and send him any comments you may have on the sections of the memorandum which he sent to the Prime Minister, which concerns the future membership of Cyprus.[50]

Cyprus is to be independent on August 16. Its application for Commonwealth membership may be received any time after July 31. The Commonwealth Study Group is not seized with the question of the future membership of Cyprus for its own sake but necessarily the question is interwoven with that of the whole future structure of the Commonwealth which the Group is set up to consider.

Mr. Bryce has expressed the following views to the Prime Minister.

I feel, however, that I should be clear about the situation in regard to Cyprus which is now becoming urgent and will undoubtedly be the subject of special, if indirect, interest at our meeting. Last winter you approved a decision according to which we would oppose a half-way solution for Commonwealth membership regarding Cyprus, although we were prepared to accept either normal membership or its complete exclusion at that time. Since then the situation has changed and I assume that at present neither Canada nor the Commonwealth is committed to admitting Cyprus to membership.

If we follow the first and preferred attitude on Commonwealth membership outlined above, I think Cyprus could be admitted without becoming a difficult precedent. It may be possible to find other special grounds on which it could be excluded if it is desired to exclude it, although there will be some difficulties in basing this solely on its treaty relationships with the United Kingdom, Greece and Turkey. Personally, I would rather favour excluding Cyprus in any case but I would think the U.K. arguments ought to be seriously considered if the latter feel that the membership of Cyprus in the Commonwealth is important. I find it hard to say why I have a preference for excluding Cyprus; possibly it is because of the somewhat ambiguous status that it will have in international affairs even

[50] Voir/See document 385.

though it becomes a U.N. member; partly it is because it is inevitably more of a European than an overseas state and seems to involve the Commonwealth even further into the complexities of Eastern European problems. Should the other members of the Commonwealth feel none of this uneasiness, I would not think Canada should take a special position on the matter.

At this point in the margin of Mr. Bryce's memorandum, a copy of which you have, the Prime Minister wrote "as to Cyprus Canada's attitude is unchanged." The previous attitude he referred to is doubtless that given by you to Sir Saville Garner on January 12, 1960. This was in brief that we should make no objection if it were determined that Cyprus should either be a full member or should not be a member at all.[51] You made it clear, however, that we did not favour limited membership. The Cypriots have now said that they do not desire limited membership and this possibility can be discarded unless during the next few months a complete scheme for limited membership can be drawn up which would attract the Cypriots and other prospective limited members. The chance of this is slim but it would be improper to ignore the possibility.

Mr. Bryce's conversations begin tomorrow, Sunday evening.

May we therefore have your views.

N.A. R[OBERTSON]

405. DEA/12833-40

Notes sur le rapport verbal du secrétaire du Cabinet sur Chypre

Notes on Secretary to Cabinet's Oral Report on Cyprus

CONFIDENTIAL [Ottawa], July 31, 1960

CYPRUS AND THE COMMONWEALTH

Cyprus

Mr. Bryce was of the opinion that although the United Kingdom authorities were not in a position or willing to advise other Commonwealth governments, they may well have given the Cypriots the impression that Cyprus would be admitted to the Commonwealth if this was the wish of the new government. Mr. Bryce thought that the Cypriots would quite possibly have been left with the definite impression that United Kingdom support would be sufficient to guarantee them admittance. The United Kingdom had, of course, agreed to circulate their request for admission when and if it remained.

Mr. Bryce had the impression that Sir Norman Brook was personally opposed to the admission of Cyprus to the Commonwealth on the following grounds:

(a) the personalities of its leaders;

(b) its history of conflict with United Kingdom forces;

(c) the probability that the presence of Cypriot leaders would damage the character of Commonwealth meetings. The United Kingdom simply did not trust Archbishop Makarios. However Sir Norman Brook made it clear that United Kingdom ministers had not taken a final decision on this question.

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[51] Note marginale :/Marginal note:
I agree. H.C. G[reen] 18/7.

Mr. Bryce had asked Sir Norman Brook what was the United Kingdom appraisal of the effect which Cyprus' withdrawal from the Commonwealth might have on the usefulness of the United Kingdom base areas. Mr. Bryce had indicated that the Canadian authorities would certainly not wish to oppose Commonwealth membership for Cyprus if the result might be to damage United Kingdom strategic interests in the area. The United Kingdom had not given a clear-cut reply to Mr. Bryce's query (see paragraphs 5(b) and 6(d) of Annex II of the Report).[52]

There was a round of comments on the probable reaction of the present members of the Commonwealth to Cyprus' admission:

United Kingdom

United Kingdom ministers were of the view that the United Kingdom must live with Cyprus anyway, and that the admission of Cyprus to the Commonwealth might constitute "a vindication of the long negotiations." There were also difficulties in rebuffing any application for Commonwealth membership, even though the case of Cyprus would open the door to other similarly small areas. While, as Sir Norman Brook had noted, the United Kingdom ministers had not taken a decision on this point, on balance they were likely to be in favour of Commonwealth membership.

Ghana

Adu said that Dr. Nkrumah was personally opposed to the membership of Cyprus in the Commonwealth, but would be unable to say so publicly. He said that in Ghana it would be hard to find an acceptable basis for excluding Cyprus from the Commonwealth if it succeeded in entering the United Nations. The Ghanaians were, however, of the opinion that the relationships with Greece and Turkey would be awkward when carried into the Commonwealth association.

New Zealand

The New Zealanders were "not happy" about the possibility of Cyprus being a member of the Commonwealth.

Australia

Australia would probably "acquiesce." Sir Allen Brown noted that since the United Kingdom was involved in the future of Cyprus, some Commonwealth involvement might be unavoidable.

India

The Indian authorities were of the opinion that it would be hard to determine the sovereignty of Cyprus. Nevertheless if it became a member of the United Nations it would be hard to prevent it from becoming a member of the Commonwealth. Desai was in favour of waiting to see how the United Nations membership question turned out. If Cyprus was excluded from United Nations membership on some political grounds, then a different situation would exist. Desai reported that Malaya had doubts with regard to Cyprus' membership. Chadwick also reported that the Pakistanis would follow whatever the Turks considered desirable in this situation. He reported that South Africa would prefer Cyprus to be outside the Commonwealth, but would go along with the decision of other Commonwealth members in this respect.

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[52] « The Constitutional Development of the Commonwealth: Report by a Group of Commonwealth Officials. » Copie dans MAE/12842-40 Partie 2 FP.

'The Constitutional Development of the Commonwealth: Report by a Group of Commonwealth Officials.' Copy in DEA/12842-40 Part 2 FP.

There was general agreement that it would not be up to the members of the Commonwealth as a whole to sponsor Cyprus' application for United Nations membership as if Cyprus were a member of the Commonwealth. This sponsorship chore would be left to the United Kingdom, perhaps with Greece and Turkey.

There was support from Adu of Ghana for the Canadian position that Cyprus might be either a full member or not a member at all, but that the case for half-Commonwealth membership should not be considered.

There was some suggestion that the new Turkish Vice-Presidential candidate in Cyprus was less keen than his predecessor for Commonwealth membership.

There had been some discussion of the possibility of intriguing with the Turks in an effort to keep Cyprus out of the Commonwealth, but no general decision was taken on this possibility. (There might be some effort of this kind made by the United Kingdom on its own responsibility.) Sir Norman Brook referred during the conversation to the fact that the Cypriots had never really wanted self-government; union with Greece had been the only real political demand on the island.

It was agreed that the suggestion would be conveyed to the Cypriots by the United Kingdom that they would be well advised to proceed with their application for United Nations membership, and be in no hurry to apply for Commonwealth membership. It was announced at the meeting that the United Kingdom legislation would provide for an unspecified extension to Cyprus of the legal benefits of the Commonwealth association for United Kingdom purposes, but Lintott indicated that despite the Irish precedent, it would not be possible to continue these privileges indefinitely. (There has been an exchange in the United Kingdom House which bears on this point, according to which the complete failure to take a decision would in the long run be regarded as a negative decision.)

There was some discussion of the effect of Cyprus' application on other possible applications. Sir Hilton Poynton thought there might be consequences for Mauritius, but not for Singapore. (Mr. Bryce and Mr. Glazebrook seemed to think that Cyprus would in fact be admitted to the United Nations.)

It might be desirable to look into the legal situation which would apply for Canadian purposes to Cyprus during this interim period. Cyprus is now a part of the Commonwealth, and presumably even if not a member, would still be regarded in a different position from that of a foreign country.

406. PCO/F-2-1(b)-1

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], August 12, 1960

CYPRUS

We seem to be faced with an immediate requirement for certain governmental decisions about Cyprus. This is the situation:

We believe that the Cypriot Government still wishes to be a full Commonwealth member — how badly we do not know nor how far public opinion there is interested. Cyprus becomes independent on August 16 and presumably the parliament will then meet. The intention has been that soon thereafter parliament would declare its desire to remain in the Commonwealth;

this would result in an application to the United Kingdom which quite likely the Cypriots have been accustomed to believe would lead to automatic acceptance.

Nevertheless Makarios has now said he would not want to risk a rebuff for himself or for Cyprus. He has asked for advanced assurance that Commonwealth members will accept Cyprus as a member. This doubtless means full membership, since the idea of limited membership is stone dead. The United Kingdom are therefore rounding up the views of other Commonwealth governments, which their Deputy High Commissioner here is instructed to secure as soon as possible.

These are some of the considerations:

(1) Whatever answer we give Makarios now we cannot go back on later.

(2) Constitutionally we are not obliged to comply with his request for a yes or no answer. Precedents are to the contrary, especially the most recent one of South Africa where we have publicly and privately declined to state our view until a formal governmental request has been received. One reason given for this is that to express a view would be to affect the decision of the South Africans which would constitute an interference in their domestic affairs. The political reasons applying to South Africa do not apply with the same force to Cyprus, but the constitutional precedent is strong both in the South African and previous instances.

(3) A rejection of Makarios' request — a reasonable one from his own point of view — would have to be made as gently as possible to avoid giving the impression that Cyprus would not be a welcome member. The South African precedent would seem to provide the most acceptable grounds. It is in fact true that to give Makarios the answer he wants would considerably embarrass us vis-à-vis South Africa.

(4) It has hitherto been the view of our government that we ought not to refuse a request for full Commonwealth membership properly submitted, and the reasons for this seem still to hold. This is thought to be the opinion of all Commonwealth governments although we cannot be certain of this. Probably the answer "no admission" is ruled out. This does not, however, necessarily rule out the "we cannot tell you now" reply.

(5) Most Commonwealth countries, including Canada, think it advantageous for Cyprus to apply for United Nations membership as soon as it is independent and to do so before applying for Commonwealth membership. This is certainly true if there is any chance of Commonwealth membership not being granted. It is perhaps less true if Commonwealth membership is certain. On balance, however, the Cypriots should apply for United Nations membership at once.

The Desired Result

One would gather from the conversations at the Commonwealth Study Group that most, if not all, Commonwealth members believe that while Cyprus cannot be openly rejected as a member, its admission would weaken rather than strengthen the Commonwealth. This is because of the supposed effect of Cypriot membership on the efficacy of Prime Ministers' meetings and other Commonwealth procedures, and because of the precedent which would be established for the admission of small countries, and perhaps because of complications arising out of the Greek and Turkish connections. I believe these various reasons are well known to you.

Since we (the Commonwealth countries) do not want Cyprus in and since we cannot refuse to accept its application if formally received, what we must hope for is that it will not make an application, provided this can happen without making an enemy of Cyprus or of making too bad an impression upon small countries generally.

Recommended Policy

It would seem then that the best policy is for the United Kingdom to persuade Makarios by one means or another to defer an application. One means is the procedural argument cited above. Another means would be to assure Makarios that all the practical benefits of Commonwealth membership would in the meantime be assured to Cypriots. This is apparently already established as far as concerns the United Kingdom by recent legislation which has no terminal date. Probably other Commonwealth countries, including our own, would be willing to take steps leading to the same result, although it should be noted that for us this might require a statute. There are probably other arguments known to the United Kingdom which would not be so apparent to ourselves.

It is therefore recommended

(1) That we go along with the United Kingdom if the policy of procrastination just described is put forward by them.

(2) That if the whole policy just described is not put forward by the United Kingdom, we advocate telling Makarios "we cannot tell you now," provided other Commonwealth countries go along with us and provided Makarios does not balk at this too strongly.

(3) That if the United Kingdom as negotiators feel it essential that a "yes" answer be given, we request that they should tell us so, and assure them now that the chances strongly are that we shall go along with them.[53]

N.A. R[OBERTSON]

407. DEA/12833-40

Note du bureau du secrétaire d'État aux Affaires extérieures pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Office of the Secretary of State for External Affairs to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa, no date]

CYPRUS AS A COMMONWEALTH MEMBER

I am returning herewith the memorandum for the Prime Minister on this subject dated August 24 which the Prime Minister handed back to me with the comment that he entirely agreed with everything in the memorandum. You will see that he has written "O.K." on the first page.

2. The Prime Minister mentioned particularly his conviction that, in view of the refusal to give the South Africans an advance commitment on Commonwealth membership, members of the Commonwealth should not express any view on Cypriot membership in advance of a formal application from that country.[54]

A.S. MCGILL

[53] Note marginale :/Marginal note:
Refer to PM. H.C. G[reen] 12/8

[54] Note marginale :/Marginal note:
We appear to be free to inform posts (presumably London, Canberra and Wellington are the urgent ones). G. de T. G[lazebrook]

[PIÈCE JOINTE 1/ENCLOSURE 1]

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

CONFIDENTIAL [Ottawa], August 24, 1960

CYPRUS AS A COMMONWEALTH MEMBER

Since August 16 Cyprus has been an independent republic recognized by us through an exchange of messages. Mr. Fowler, the United Kingdom Deputy High Commissioner, acting on instructions, called upon me on August 16 to transmit and receive governmental views on Commonwealth membership of Cyprus. His report conformed with his aide mémoire dated 15 August, which is attached. Mr. Bryce and Mr. Scott were with me and on our side the conversation was consistent with a memorandum sent to Mr. Green on August 12 which had been seen both by him and by you.

Mr. Fowler reported that President Makarios had said that he was in favour of Commonwealth membership and that he thought that Dr. Kutchuk, the Turkish Vice-President, would be ready to support him in an early application, but they would first like to be sure that they would not be rebuffed. The United Kingdom Ministers had been hoping for a delay but now felt they had to tell President Makarios that they would seek informally the views of other Commonwealth governments. Mr. Fowler added, and this was news to us, that the United Kingdom had reached the conclusion that they must be prepared to lend their support to an eventual formal application. Mr. Fowler thought, however, that this last statement had not been made to the Cypriots. The Cypriots had been told that Commonwealth countries were being consulted but that since the Archbishop's request coincided with the completion of the recent study of some aspects of Commonwealth membership which bears on the Cyprus situation, it would be some time before Commonwealth views become known.

The aide mémoire says that the United Kingdom Ministers had in mind that "any delay in dealing with the Archbishop's request now would arouse suspicion." This sentence seems not quite consistent with other parts of the aide mémoire, and nothing that Mr. Fowler said led us to believe that the United Kingdom wished to make a quick reply to the Cypriots. On the contrary, Mr. Fowler seemed to be expecting and desiring a delay, at least until October.

Mr. Fowler made the following remarks not contained in the aide mémoire: When the request had first been made, the United Kingdom wondered whether they should not reply that the question was purely hypothetical and that it would be improper to ask Commonwealth members to express collective views until a formal application had been received from the House of Representatives; however, they had decided this would be impossible. They had also had in mind that the reports of the Commonwealth Study Group indicated that the position of Cyprus would not in fact open the door to a flood of new members and that this would make it easier for the application to be considered on its own merits.

Mr. Fowler may have been hoping to be able to report that we agreed that no reply should be made at present to the Cypriots and that we would also agree with the final United Kingdom intention of accepting Cyprus as a Commonwealth member, although he did not at all stress the latter point.

The reply given to Mr. Fowler was based principally upon a point not mentioned by the United Kingdom, namely, the difficulty of acceding to Makarios' request when we had repeatedly made it clear in public and in private that we could not tell the South Africans, in

advance of their formal application, that they would be allowed to remain Commonwealth members. I know you are well acquainted with this situation and with this argument. It was pointed out that South Africa would have to be one of the countries to be consulted about Cypriot membership. Commonwealth membership was a political issue in South Africa and the views of other countries on future South African membership were frequently referred to in political speeches there. A refusal to reply to Cyprus on these grounds would be no reflection on Cyprus and ought not to be regarded with suspicion. This would have been even more true (we intimated) had this reply been made to Makarios in the first instance. In the meantime we could promise support for United Nations membership, which the United Kingdom and ourselves agree should come as soon as possible. (Indeed, since this conversation, Cyprus has applied to the Security Council.)

As a result of this conversation I believe Mr. Fowler will have reported to his government that we would hope the United Kingdom Ministers might consider the advisability of telling President Makarios that because of the generally accepted rule that an answer could not be given in advance and the special complication and embarrassment which would arise vis-à-vis South Africa if this rule were departed from, Commonwealth members would prefer to await the formal request. Mr. Fowler will also probably have said that we agree that United Nations membership should be speedily sought and that we are prepared to support this. It may be that Mr. Fowler will also have given the impression that Ministers in Canada will not in the long run wish to reject an application from Cyprus received under proper circumstances although, like the United Kingdom Ministers, they think that the Commonwealth might be happier without than with Cyprus as a member.

I myself suspect that the United Kingdom will take their time in collecting and compiling a reply to Makarios and that unless Makarios pursues the subject (which Mr. Fowler did not seem to expect) this matter might be expected to rest for a few weeks. I am myself not so sure that Mr. Makarios will not press the United Kingdom for an earlier reply, as he has (since our conversation with Mr. Fowler) said publicly in Cyprus that he personally favours Commonwealth membership.

If all the foregoing meets with your approval I would propose to send the necessary information to Canada House and other interested posts.[55]

N.A. R[OBERTSON]

[PIÈCE JOINTE 2/ENCLOSURE 2]

Note du haut-commissaire suppléant du Royaume-Uni

Memorandum by Deputy High Commissioner of United Kingdom

Ottawa, August 15, 1960

CYPRUS

Archbishop Makarios has told Sir Hugh Foot, the Governor of Cyprus, that he is in favour of Cyprus remaining within the Commonwealth and that he thought Dr. Kutchuk would be ready to associate with him in an early application to be considered by Commonwealth Governments. Archbishop Makarios added that he would wish to know in advance whether it was acceptable that Cyprus should remain a full Member of the Commonwealth before seeking

[55] Note marginale :/Marginal note:
OK. J.G. D[iefenbaker]

from the Cyprus House of Representatives approval for a formal application to be made. Sir Hugh Foot took note of his request.

2. United Kingdom Ministers had been hoping that the Cypriot Government would be in no hurry to make an application for Commonwealth Membership and that in consequence a final decision on the Membership issue might be deferred for some time ahead. With this possibility in view, the Bill providing for the independence of Cyprus had, as passed through Parliament, set no time limit within which a decision needed to be reached.

3. Now, however, that Archbishop Makarios has made this approach, United Kingdom Ministers have decided that they must comply with his request and seek informally the views of other Commonwealth Governments. Equally they have reached the conclusion that they must be prepared to lend their support to an eventual formal application from the Cypriot House of Representatives.

4. In the circumstances, therefore, the Governor is being instructed to inform Archbishop Makarios that the United Kingdom Government are now taking informal soundings of other Commonwealth Governments as requested. At the same time he will remind the Archbishop that since any application for Membership is a matter for collective Commonwealth decision, and further that since his request coincides with the completion of a study on Commonwealth evolution which bears on the Cyprus situation, some time must necessarily elapse before Commonwealth views become known. The Governor will add that meanwhile the Cyprus Government will no doubt wish to proceed with their application for admission to the United Nations before considering any formal application for Commonwealth Membership.

5. United Kingdom Ministers, in reaching their conclusion, have had the following important considerations in mind:

(a) The Cypriot leaders will no doubt have a tight rein over the House of Representatives, which can be expected to vote on this issue as they themselves propose.

(b) We have for a long time known of the intentions of Archbishop Makarios in regard to Commonwealth Membership. Any delay in dealing with his request now would therefore arouse suspicion.

(c) The anxiety of the Cypriot leaders not to court public rebuff on the Membership issue is readily understandable.

408. DEA/12833-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

SECRET [Ottawa], October 19, 1960

CYPRUS AND THE COMMONWEALTH

We have been informed by the United Kingdom High Commissioner that Archbishop Makarios and Dr. Kutchuk asked that, before a debate in the Cypriot Assembly on membership in the Commonwealth, informal soundings of other governments be taken to ensure that a decision to seek membership would be acceptable to the other members.

2. The United Kingdom Government hopes therefore to be in a position to inform Archbishop Makarios informally that an application for membership would be favourably entertained, and has asked the views of the Canadian Government on this proposal.

3. It is not suggested that the action proposed take the place of a formal decision by Commonwealth governments, which could of course not precede a formal application. To do otherwise would be to contradict practice and the decision in the communiqué after the last meeting of Commonwealth Prime Ministers.

4. I suggest for your consideration that I might reply to the effect that the Canadian Government would not oppose a formal application when received and would raise no objection to the action now proposed by the United Kingdom Government, provided, of course, that that Government is satisfied that it can speak on behalf of all existing Commonwealth members.[56]

N.A. R[OBERTSON]

409. DEA/12833-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM G-160 Ottawa, October 21, 1960

CONFIDENTIAL. ROUTINE.

Reference: Your telegram 3182.

CYPRUS

Because Earnscliffe had recently asked for Canadian views, they were yesterday given them and informed that we were also passing them to you. The following wording was used: Begins: "The Canadian Government would not repeat not oppose a formal objection to the action now proposed by the United Kingdom government, provided of course that the latter government is satisfied that it can speak on behalf of all existing Commonwealth members." Ends.

2. For your own information, we were struck by learning from your telegram under reference that South Africa had not replied. We did not and do not wish to make a direct reference to that gap.

[56] Note marginale :/Marginal note:
Prime Minister agrees. H.B. R[obinson] Oct. 19/60

5e PARTIE/PART 5

TRAITÉ DES EAUX INDUS
INDUS WATERS TREATY

410. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 294-60 [Ottawa], September 14, 1960
SECRET

THE INDUS WATERS TREATY AND THE
INDUS BASIN DEVELOPMENT FUND

Early in 1959 the International Bank for Reconstruction and Development reopened discussions with the Governments of India and Pakistan in the hope of working out a settlement of the long-standing Indus Waters dispute which has exacerbated relations between those two countries ever since partition of the Indian sub-continent. I am very pleased to report to Cabinet that through the patient and painstaking efforts of the Bank over the past year and a half, full agreement on the division of the Indus and its tributaries has been reached between India and Pakistan and, in addition that a number of friendly countries, including Canada, have agreed to the establishment of a fund to finance the construction of a system of development works which will provide extensive irrigation and hydro-electric power facilities in both countries.

2. A copy of the final text of the Indus Basin Development Fund Agreement is attached.†

3. It may be helpful to review briefly Canada's participation in the negotiation of these Agreements.

4. In response to the Bank's initial proposal to various friendly Governments to ascertain whether they would be prepared to participate in the Development Fund, Cabinet at its meeting of May 5, 1959[57] stated that it was favourably disposed to Canadian participation in the development programme.

5. Subsequently Cabinet at its meeting of July 22, 1959[58] further agreed to accept the recommendation of the President of the International Bank for Reconstruction and Development that Canada contribute U.S. $23,200,000 (this figure as noted below has now been set as Can. $22.1 million) over a 10-year period to the Indus Basin Development Fund on the understanding that other Commonwealth countries concerned and the United States of America agreed to provide their contributions as requested by the President of the Bank. The Governments of the following countries have agreed to participate in the Fund and to provide the funds listed:

[57] Voir/See Volume 26, document 132.
[58] Voir/See Volume 26, document 134.

(a) In foreign exchange

Australia	- £ A	6,965,000 in grants
Canada	- Can. $	22,100,000 in grants
Germany	- DM.	126,000,000 in grants
New Zealand	- £ NZ	1,000,000 in grants
United Kingdom	- £	20,860,000 in grants
United States of America	- U.S. $	177,000,000 in grants
and		
	- U.S. $	70,000,000 in loans

(b) In local currency

United States of America — the equivalent of U.S. $235,000,000.

(c) The International Bank for Reconstruction and Development will provide loans to Pakistan of the order of U.S. $80,000,000.

6. There are several features of the Development Fund Agreement which I wish to bring to Cabinet's attention. First, payments into the Fund will be spaced over a period of ten years, which means, in Canada's case, an average grant of approximately Can. $2.21 million per year. The Bank has made a forecast of the rate of expenditure in carrying forward the development works, and it appears that in the first two or three years Canada's annual payment to the Fund will be less than its average annual rate of Cdn. $2.21 million but that in 1962, 1963, and 1964 when expenditures reach their peak, it will exceed this amount. This may mean that more than Cdn. $2 million will have to be paid to the Indus Fund from the Colombo Plan Fund in the years of peak expenditure and consequently less will be available for direct allocation to countries. However, this possibility has been guarded against to some extent by setting aside funds in each of the years 1959/60 and 1960/61 for the Indus, and the accumulation of these funds will meet a substantial part of Canada's share in the years of peak expenditure.

7. Second, Article IX of the Agreement provides that payments from the Fund might be suspended and that the agreement might be terminated under various unusual conditions by a vote of the majority of the parties to the Agreement. This means that, if, in the opinion of the Canadian Government, payments should be suspended or that the Agreement should be terminated Canada could not act in accordance with this judgment unless it was supported by a majority of the parties to the Agreement, including the United States which, as the largest contributor, have interests identical to our own, are not objecting to this provision, and since there appears to be no preferable alternative, I would recommend that the Canadian Government accept it.

8. Third, the Government of Pakistan has insisted on the inclusion of a clause in the Fund Agreement which states, that "in concluding the treaty, Pakistan has been influenced by the consideration that financial assistance of the nature and amount subscribed hereunder will be made available to Pakistan." It was Canada's view that this provision which, in a sense, is an escape clause which Pakistan could use under certain circumstances to evade its treaty commitments, did not properly belong in the Agreement. However, after careful consideration among participating Governments and the Bank, they decided that it did not detract significantly from the intent of the Agreement and that they would therefore not insist on its exclusion.

9. The Minister of Finance and I were consulted on the foregoing difficulties as well as on other problems that arose during the discussions of this Agreement, and we authorized officials to agree to these provisions and to proceed with negotiations.

10. It is a matter of great satisfaction to India and Pakistan as well as to the other participating Governments that the Indus dispute, which has been the source of many bitter exchanges between the two countries over the past twelve years, has reached the stage where a final and amicable settlement is possible. There are undoubtedly some risks involved for all countries concerned, and difficulties may arise in the actual implementation of the Agreement. These are however, small, in comparison to these benefits and to the advantages which may be derived from a peaceful settlement of this dispute between these two Commonwealth partners.

11. I recommend that Cabinet, having agreed to participate in the Indus Basin Development programme as described above,

(1) approve the text of the Indus Basin Development Fund Agreement;

(2) authorize the Acting High Commissioner of Canada in Pakistan to sign the Indus Basin Development Fund Agreement on behalf of the Government of Canada; and

(3) provide, subject to the approval of Parliament, the sum of Can. $22.1 million to the Indus Basin Development Fund over the next ten years.[59]

HOWARD C. GREEN

6e PARTIE/PART 6

RELATIONS AVEC DES PAYS PARTICULIERS
RELATIONS WITH INDIVIDUAL COUNTRIES

SECTION A

AUSTRALIE : VISITE DU PREMIER MINISTRE ROBERT MENZIES À OTTAWA, 8 AU 10 JUIN 1960
AUSTRALIA: VISIT OF PRIME MINISTER ROBERT MENZIES TO OTTAWA, JUNE 8-10, 1960

411. DEA/7060-40

Rapport de la réunion entre le premier ministre de l'Australie et les membres du Cabinet

Report of Meeting between Prime Minister of Australia and Members of Cabinet

CONFIDENTIAL Ottawa, June 9, 1960

COMMONWEALTH PRIME MINISTERS' CONFERENCE; SOUTH AFRICAN APARTHEID POLICY

Mr. Diefenbaker welcomed the Prime Minister of Australia to Canada and to the meeting with the Canadian Cabinet, and recalled the warmth of the welcome he had received during his visit to Australia.[60] He invited Mr. Menzies to express his views on any subjects of common interest.

Mr. Menzies said that, although the recent Commonwealth Prime Ministers' Conference in London had appeared controversial because of the South African racial question, it had actually been the best conference he had attended. Although the meeting had begun with many

[59] Approuvé par le Cabinet le 16 septembre 1960./Approved by Cabinet on September 16, 1960.
[60] Voir/See Volume 24, document 399.

obvious difficulties, the spirit of Commonwealth meetings had been effectively preserved. The maintenance of this desirable atmosphere of informal understanding would become increasingly difficult as more of the Asian and African countries entered the Commonwealth. He believed that any effort to introduce resolutions or lobbies at such meetings should be resisted, because majorities and minorities would spell the end of the Commonwealth. "I would not be interested on those terms." He was optimistic that this desired informality could be preserved. Mr. Nkrumah for example had seen the advantages of the informal approach although he had begun with contrary views at the previous conference.

Some of the Prime Ministers had come to the Conference already deeply committed on the subject of South Africa, and he had anticipated trouble even in the private discussions. Tunku Abdul Rahman of Malaya for example had come to the Conference with a resolution of his Parliament on the question. Mr. Menzies had cautiously taken the view that the subject was domestic and therefore should not be discussed at the Conference. He was pleased that there had in fact been no trouble.

While in London he had attended a private meeting with Mr. Ayoub of Pakistan, Tunku Abdul Rahman of Malaya, Mr. Nkrumah of Ghana, Mr. Nehru and Mr. Nash, and had been most interested at the moderation displayed by all. The African and Asian prime ministers had recognized the need to protect the position of the European minority, and had recognized that the economies of their countries owed much to the Europeans. They did not understand why South Africa was not prepared, as a gesture, to allocate 4 or 5 parliamentary seats to the Bantus, nor why the nominally "Cape Coloured" representatives in the House could not be actually Bantus. They also criticized the policy of South Africa in refusing to accept coloured persons as Ambassadors or High Commissioners from other Commonwealth countries. He believed that this criticism was entirely valid and that the existing situation could not last. These prime ministers were not concerned with the extension of the franchise in South Africa but were properly resentful of the complete social exclusion of non-whites.

Mr. Menzies did not expect difficulty in the Bantu territories, because here the Bantus would gradually obtain complete self-determination and the white population would gradually move away. The real problem was in Natal, Transvaal and other areas where a European minority was in control. Here the coloured population had every facility, and indeed the government's provision for their social welfare was certainly better than in any other Asian or African country, but on a basis of complete segregation. The Bantu population in these areas would be encouraged to develop municipal self-government but had no vote in the Parliament of the Union. Mr. Louw appeared to believe this position could be maintained indefinitely. Mr. Menzies had pointed out to him that the excellent educational facilities would quickly raise the qualifications of some of the Bantu leaders, and he had asked Mr. Louw whether the native population would then accept continuing subordination or whether they might, in an atmosphere of hostility, demand equal treatment. Mr. Louw had been unable to answer. Mr. Menzies believed that the South African government expected to maintain two separate sovereignties in areas where the European and Bantu populations were intermingled, and Mr. Menzies regarded this as manifestly impossible. His objections were not primarily moral but practical: it would not work, and Mr. Verwoerd's successors would curse the day the apartheid policy had been imposed.

Mr. Menzies went on to say that the contrast between conditions in Indonesia and Malaya, both of which he had visited last December, illustrated his case. The Dutch had not trained the Indonesians to administer their own affairs. They had been ousted by a bloody revolution and the new republic had been utterly unable to run its own affairs. The present population continued to live under the same rather primitive conditions as in the sixteenth century, but the towns had fallen into a state of decay. The country apparently had no economic policy, and

there had been several monetary crises within the past year. Sukarno appeared unconcerned with anything except to continue his revolution. Very few Europeans now lived in Indonesia and the nationalists were hostile to the whole Western world, even to the extent of disdaining Western capital.

Malaya on the other hand had obtained self-government by negotiation, and relations with the Europeans were friendly. Many Malayans had been trained in administration, and the country was well managed. Thousands of Europeans continued to live in Malaya, and the same old European firms continued to operate.

Ultimately the choice lay between these two paths, and the government of South Africa did not appear to be aware of this fact. Mr. Menzies thought he should write to Mr. Verwoerd stating his views. At the Commonwealth meeting he had played the role of honest broker to Mr. Louw, and therefore his opinions might be listened to by the South African Prime Minister.

In reply to a question by Mr. Diefenbaker on the future of the Commonwealth, Mr. Menzies said he had discussed the matter with Mr. Macmillan and that their views coincided. Before long the Commonwealth might have 20 or 25 member countries, and this raised the question whether there ought to be two different categories of membership, divided on the basis of population. He believed that equality was an essential aspect of Commonwealth membership, and that the creation of two separate and unequal teams would not work.

The immediate problem was the growing risk that members would wish to have resolutions and votes at meetings of the Commonwealth Prime Ministers. Voting would murder the Commonwealth. He had opposed the issue of communiqués by such conferences, because the need for unanimity reduced such messages to platitudes. All of the delicate discussion at the recent meeting had been on the wording of the communiqué. Mr. Macmillan had been converted to Mr. Menzies' opinion on the folly of issuing communiqués. Abandonment of the practice would reduce the risk that members might insist upon voting. It should be sufficient merely to divulge the nature of the subjects discussed by the prime ministers. If there had been no formal record the recent discussions of South African racial policy could have been held at the Conference itself and no facade of private meetings would have been needed.

A committee of experts had been appointed to consider the problems of Commonwealth membership. Mr. Menzies agreed with Mr. Diefenbaker that it would be ridiculous to establish Malta, with its population of only 300,000, as a full member of the Commonwealth. The population of Cyprus was only about twice as large. Possibly the independence of these smaller units might be made subject to some qualification. They might perhaps be required to maintain some relationship with the U.K. Colonial Office, or might as members be associated with the U.K.

Mr. Diefenbaker thanked Mr. Menzies for having stated his views frankly and informally, and said that the future problems of the Commonwealth were among the major questions facing the two countries.

SECTION B

INDE
INDIA

SUBDIVISION I/SUB-SECTION I

RELATIONS CANADA-INDE
CANADA-INDIA RELATIONS

412. DEA/11038-1-40

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

DESPATCH NO. 461 New Delhi, May 19, 1960
SECRET

CANADA-INDIA RELATIONS

With the best will in the world useful analyses of relations between one country and another cannot regularly be filed, like an income tax return, to cover a fixed period; hence our decision not to submit an "Annual Review of events in India in 1959." However during the past year or so three events have occurred which, in my view present grounds for a basic reassessment of the nature of Canadian-Indian relations.

2. I would stress at the outset that generally speaking Canadian-Indian relations are cordial. The picture of Canada in the minds of the Indian public is, for the most part, however, rather hazy. Canada is about as far away from India as it is possible to be on this earth and, since Canada does not have the international stature or resources of the U.S.A. or the U.S.S.R., the Indian public is not moved to consider either the similarities or the differences which exist between the two countries. On this plane, therefore, while relations are friendly it is a friendship based on ignorance rather than knowledge.

3. Relations at the official or governmental level are also cordial. However such relations are apt to seem to fluctuate as governments find themselves in agreement or disagreement in their assessments of a particular event or as to the proper course of action to be pursued. It is therefore this plane of relations between Canada and India which requires a reappraisal in the light of these recent events.

4. The events I have in mind are:

(a) The refusal of the Canadian Government to acquiesce in the reconvening of the Laos Commission despite two appeals by Mr. Nehru on the Prime Minister-to-Prime Minister level.[61]

(b) The refusal of the Canadian Government to modify its views on the 400,000 ton commercial wheat quota as an essential precondition to the receipt by India of American PL-480 wheat.

[61] Voir volume 26, chapitre VIII, 3e partie./See Volume 26, Chapter VIII, Part 3.

(c) The refusal of the Indian Government to support the Canadian-United States compromise proposal regarding the Law of the Sea.[62] India's failure to support this proposal ultimately resulted in wrecking the Geneva Conference, when an affirmative vote (or even an abstention) by India would have resulted in the proposal receiving a two-thirds majority.

5. I have no intention of discussing here the pros and cons of these three important policy questions. Nevertheless it is quite true that, in regard to the first two of them, Canada appeared intransigent to the Indians and in the third of them India probably appeared equally stubborn and pigheaded to Canadians. However, the moral, it seems to me, is that these three events demonstrate that neither Government will yield to the persuasion of the other in a matter in which that Government considers that its more vital interests advocate a different course. In the Laos question, for example, there was no doubt that reconvening was opposed in Washington. Despite every effort to explain the justice of the Canadian position it was clear to us here that the Indians considered that, as between placating New Delhi or reassuring Washington, we chose Washington well knowing that New Delhi would not like it. On the wheat question the Indians have always seen the issue as being between refusing to help India in its foreign exchange difficulties or taking some action which might possibly adversely affect Canada's commercial wheat sales in other parts of the world. On the third point, the Indians' motives for rejecting the compromise on the Law of the Sea were not quite so apparent; but it seems evident that in this matter Krishna Menon was able to play on Prime Minister Nehru's emotional distrust of the great maritime powers and particularly on his (Nehru's) antagonism towards Pakistan. In this matter Indian "policy" was further bedevilled by Menon's determination to do everything possible to discredit Law Minister Ashoka Sen (who led the Indian delegation), and, more important, to avoid offending the U.S.S.R.

6. It might seem that these three events, placed together, represented a set-back in Canada's relations with India. However, in my view, it is more accurate to regard them not so much as a set-back as an indication that neither country has really very much influence over the other. During the better part of the last decade, for a variety of reasons, our relations with India have superficially appeared closer and deeper than has actually been the case. In the early part of this period Canada and India were collaborating on efforts to obtain a Korean Armistice and Canada frequently acted as an "honest broker" in attempting to interpret United States policy to the Indians and vice versa. The Indians knew that we were largely responsible for the eventual acceptance by the U.S.A. of the so-called "Indian Resolution" adopted by the U.N. General Assembly in 1952 which paved the way for the Korean Armistice. This was very much appreciated by the Indians. However I suspect that their appreciation for the efforts made by Canada may have been less than their self-satisfaction based on the mistaken impression that Canada was moving towards their own position of "non-alignment" between the two great power blocs. Later on, in the Autumn of 1956, the Suez Crisis developed and Canada sharply dissociated itself from United Kingdom policy which, in the eyes of the Indians, was absolutely disastrous and unprincipled. The result of this was, of course, to raise in this country Canada's stock as an "independent" at a time when, among those Indians who concern themselves with international relations, a substantial section was questioning whether India should continue to remain in the Commonwealth.

7. Korea and Suez were merely the most dramatic of a series of events, mainly focussed on the United Nations, which, to the Indians, cast Canada's international spokesmen in a favourable light. Again, Canadian economic expansion was dramatic and the Colombo Plan was still in the early crusading phase which followed its establishment. These factors, of course, tended to inject warmth into our relations with India.

[62] Voir les documents 48 à 51./See documents 48-51.

8. It seems to me that the cumulative effect of these various factors was to create the impression that relations between the two countries were much closer than they actually were. This misconception has been aggravated by the fact that, among most thinking Canadians, it is a fairly basic article of faith that Canada and India *should* have close relations. From the best of motives many influential people in Canada wished to see relations between the two countries as close as possible and there was enough material in the daily headlines to give the superficial impression that these relations were indeed very close.

9. However, it now seems to me that relations between the two countries have always been basically thin and superficial. Few Canadians, except missionaries, have had much first-hand experience of India, our trade with India has been very slight, and very few Indians have ever thought about Canada except in terms of the few leading Canadian personalities whom they had read about. While we generally agreed with the Indians on such matters as Korea and Suez we were not able to influence them on matters which directly affected their own security. For example, Canadian representatives have had no more success than anyone else in trying to influence Indian policy on Kashmir. Again, in working with the Indians in the International Supervisory Commissions in Indo-China, Canada has frequently been unsuccessful in modifying Indian policy decisions — and vice-versa.

10. The three recent events which I mentioned as a starting point for this assessment should, in my view, serve to dispel any remaining clouds of wishful thinking that may obscure the true picture of Canadian-Indian relations. It seems to me that, for the discernible future, India's relations with Canada will be dominated by India's security preoccupations and by its desperate need for economic development. For our part, relations with India are bound to be overlaid by our NATO commitments, by our close association with the United States and the United Kingdom, and by the domestic economic situation prevailing in Canada. Within these two frameworks it should be possible to retain old and find new areas for cooperation between the two nations. But I believe that our approach to the development of contacts with India must be based on a clear recognition of the limited extent to which each party can influence the other, *not* on wishful thinking as to what would be ideal.

11. In the context of Canadian-Indian relations, references to our joint Commonwealth membership, while obviously necessary and desirable in public statements by official spokesmen, do not have much force in this country. The sort of thing that does strike a responsive chord in this country is the reference, attributed to Mr. Diefenbaker at London airport on May 14, to "the necessity of upholding a fundamental principle of the Commonwealth — that of equality of all races and colours."[63] This statement undoubtedly enhanced Canada in Indian eyes. The Commonwealth will rise in their estimation only if, as a clear consequence of the recent Commonwealth Prime Ministers Conference, this principle is accepted and acted upon by all Commonwealth members. However my experience is that at present only a very small minority of Indians give much thought to India's membership in the Commonwealth. Among these the majority opinion seems to be one of general acquiescence in belonging to the Commonwealth, but I have not been able to detect any widespread enthusiasm for this membership. While we must do what is possible to encourage in India a better understanding of the Commonwealth concept we should not delude ourselves as to how much we are likely to achieve. We should also not close our eyes to the fact that, in any test between leaving the Commonwealth or surrendering something which Indians regard as vital from either the strategic, economic or emotional standpoint, the great majority of Indians would choose to leave the Commonwealth.

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[63] Voir/See "Commonwealth Communiqué a Neat Compromise: South Africa on Probation," *Globe and Mail*, May 14, 1960, pp. 1-2.

12. In conclusion, I would like to make quite clear my motive for writing this despatch on Canadian-Indian relations. I believe that the three unrelated events referred to at the outset of the despatch illustrate clearly enough the essentially secondary role which relations with India play in Canadian policy, and which relations with Canada play in Indian policy. Wishful thinking is never a sound basis for policy and I wonder if relations between Canada and India have not to some degree been permeated by this attitude. I believe the present friendly relations can be maintained or improved only if we face the fact that they are in both cases overshadowed by more vital relations with other countries or groups of countries.

13. I have no panacea to offer. My argument is simply in favour of a greater realism in assessing our relations with India, not for any dramatic change in policy. In any case how could such a change be affected without altering the balance of our external policy in a manner which would prejudice our more vital interests? Canada is not prepared to adopt an attitude of non-alignment, to leave NATO or to add further friction to our relations with the United States. We are not prepared to accept any large number of Indian immigrants. We cannot realistically expect much increase in trade between the two countries. Our economic situation appears at present to rule out the possibility of an increase in aid. For its part India is not prepared to give up its policy of non-alignment or its much-publicized opposition to military alliances. India regards Canada in a generally friendly manner but the main interest most Indians have in our country is as a possible source of economic aid. Overwhelmed by their own tremendous problems most Indians simply have no time or inclination to give much thought to Canada. Mutual ignorance between the two countries is still almost as monumental as it was ten years ago.

14. I see no prospect of any sudden strengthening of our relations with India. These relations are, in both cases, overlaid by what are considered to be much more important preoccupations, — and these preoccupations are not likely to change in the near future. Yet India remains the most important uncommitted nation in the world and by far the most important democracy in Asia. All thoughtful people recognize what an enormous amount depends on the future of this country. This has certainly been clearly recognized in Ottawa for a long time. It follows that even if our other commitments preclude us from making any basic change in policy towards India we must, within the framework of our policy, constantly endeavour to seize any opportunity of showing to the Indians that we are interested in their problems and are well-disposed towards them. Opportunities for useful contact of this type frequently occur at the United Nations or in the specialized agencies; and, of course, a direct responsibility rests on those of us who represent Canada in India. All of us should continue to look out for these opportunities and to exploit them whenever we can. Moreover we should continue to examine, as we are now constantly doing, our economic aid programme to see whether the programme can be increased, or whether it can be better balanced, or whether the administrative machinery can be improved and decisions made more rapidly. In all these ways we can assist in preserving useful contact between Canada and India, even if neither country is prepared to alter its basic policies. But, as I have attempted to point out, such diplomatic efforts on our part will be more useful if they proceed from a basis of realism rather than from wishful thinking. There are no grounds whatever for complacency in the field of Canadian-Indian relations.

C.A. RONNING

SUBDIVISION II/SUB-SECTION II

QUESTIONS NUCLÉAIRES
NUCLEAR ISSUES

413. DEA/14003-J-2-3-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], January 27, 1960

FUEL FOR THE CANADA-INDIA REACTOR:
AGREEMENT ON SAFEGUARDS

We have now reached agreement on the conditions for the supply of 100 fuel rods for the Canada-India reactor. You will recall that the Indian Government was reluctant to comply with our usual safeguards requirements.[64] In the end, the Indians have accepted a modified wording (see attached) by which they agree that Canada may call for joint audits of the Canadian fuel rods and the special fissionable materials produced there from but they have requested that the intergovernmental exchange of notes be kept confidential.

Our High Commissioner in New Delhi will proceed with this confidential exchange on Friday, January 29, as it is desirable that the loading of the reactor should not be held up. I understand that the Atomic Energy of Canada Limited is informing the Minister of Trade and Commerce.

If there should be a leak of information and any questions were asked, in the House or elsewhere,[65] as a consequence, the fact that an agreement had been signed would have to be noted, but our understanding with the Indians requires that we do not make the actual terms public without prior consultation.

This agreement was earlier approved in principle by you and the Minister of Trade and Commerce, subject to drafting changes. As you know the Indians have asked for some changes in the text but I think that, in substance, the agreement is as satisfactory to us as the original draft.

N.A. R[OBERTSON]

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

FUEL FOR THE CANADA-INDIA REACTOR

1. Canada will supply fuel elements if required by India for use in CIR on commercial terms in quantities mutually agreed to from time to time. The initial supply of fuel elements by

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[64] Voir volume 26, chapitre III, 6e partie (d)./See Volume 26, Chapter III, Part 6 (d).

[65] Aucune question n'a été posée à la Chambre des Communes.
No questions were asked in the House of Commons.

Canada will consist of one hundred (100) rods of uranium with end plugs clad in the inner aluminum sheath.

2. These one hundred elements will be made available by Canada to India in time for initial start-up. It is understood that special consideration will be given to the use of Indian manufactured fuel elements in the initial loading.

3. It is the intention of Canada and India that the fuel elements provided by Canada, and any plutonium produced there from, shall be used for peaceful purposes. In compliance with these intentions they have agreed to the procedures described in paras 4-6 below.

4. The Indian Atomic Energy Commission will keep an account of the fuel elements supplied by Canada and institute a system of effective self-inspection. The Commission will carry out a physical audit once a year of the Canadian elements in storage prior to irradiation, the Canadian elements in the reactor, the Canadian elements in storage after irradiation and the number sent for processing.

5. If Canada, through Atomic Energy of Canada Limited, at any time so requests, India will agree to a joint audit, both physical and record audit, of any or all of the materials referred to in paragraph 4. Whenever such an audit is carried out, the report will be produced jointly by the Indian and Canadian representatives associated with it.

6. When Canadian-supplied material has been irradiated and subsequently processed in a chemical plant to separate the plutonium from the depleted uranium and the fission products, only the plutonium so produced in the Canadian material will be subject to audit. The quantity of plutonium to be subject to audit will be settled by negotiation and would normally be arrived at by calculation related to power produced by the material supplied by Canada. (It is clearly recognized that with respect to plutonium the joint audit and the joint physical check would apply only to the assessed quantity of plutonium processed from Canadian elements and all that would be necessary for India would be either to show this quantity of plutonium in storage or in use for peaceful purposes, since it is impractical, if not impossible, to differentiate between the plutonium produced from Canadian fuel elements and plutonium produced from Indian fuel elements.) India will have the option to place this quantity of plutonium or a fraction of it at the disposal of Canada, in which case Canada will pay a fair market price as mutually agreed to between authorized representatives of the governments of Canada and India. In addition, Canada will have first option to purchase (at fair market prices as mutually agreed) for peaceful purposes only any amounts of the plutonium referred to in this paragraph which India does not wish to retain.[66]

414. DEA/14003-J-2-3-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], March 21, 1960

SALES OF URANIUM TO INDIA

In view of several recent enquiries about the possibility of selling uranium to India, we have asked our High Commissioner in New Delhi to sound out the Indian authorities as to their

[66] L'Inde a accepté ces conditions le 6 février 1960.
These terms were accepted by India on February 6, 1960.

plans for nuclear development so that we may have a better basis for estimating the probable Indian requirements for source material, as well as their attitude towards a requirement on our part for some kind of safeguards. There were several reasons why we considered that it would be a good idea to do this before taking any other steps.

In the first place, the various memoranda and briefs we have received from Gunnar Mines and their agents, the British Metal Corporation, though they have urged that the Canadian Government drop or modify its safeguards requirements to permit sales to India, have not claimed that firm orders have really been received. Moreover, the quantities mentioned in these and other cases have always been relatively small, and until we have a much clearer picture of the probable extent of the Indian market, it would not seem advisable to risk upsetting the negotiations looking towards the development of an international system of control, which are at present at a very delicate stage.

Secondly, though we have had close and, on the whole, fairly friendly co-operation with the Indians in this field, we cannot afford to overlook the possibly dangerous implications of relaxing our standards on safeguards in our dealings with them. We considered the relatively mild safeguards clauses which we accepted in the agreement on fuel for the Canada-India reactor as being a compromise necessary in this specific case because of our role as a partner in the CIR project. India is, however, a potentially important nuclear power. Since 1957 India has held one of the designated seats on the International Atomic Energy Agency's Board of Governors as the nation of South Asia "most advanced in nuclear technology." It is making great progress in this field and has extensive plans for using nuclear technology in the general programme of industrialization and economic development. Several nuclear power stations have been planned and the latest reports indicate that the one to be built at Ahmedabad will be a gift from the USSR. The current line taken by Russian propaganda is that they do not require safeguards in their bilateral arrangements for supply of nuclear materials, "which are like any other commercial transactions," coupled with the assertion that safeguards are, in practice, a from of discrimination exercised against the under-developed countries. We do not know how far they will go in putting these ideas into action; but it seems that we should avoid taking action ourselves that might give them a pretext.

Though the Russian arguments may be attractive to the underdeveloped countries, and are in some ways difficult to counter, for the reasons given above it does not appear advisable for Canada to initiate any change in the existing situation, at least until we have had a full report from Mr. Ronning.[67]

I understand that Mr. Churchill is also being briefed on this subject.

N.A. R[OBERTSON]

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[67] Notes marginales :/Marginal notes:
OK. H.C. G[reen]
SSEA & Mr. Churchill both agree. R. C[ampbell] 24/3

415. DEA/14003-J-2-3-40

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM 152 New Delhi, March 24, 1960
CONFIDENTIAL. PRIORITY.
Reference: Your Tel ET-402 Mar 16.†

URANIUM FOR INDIA

Upon my return from Madras via Bombay including a visit to CIR, I invited Dr. Homi Bhabha for lunch in the residence yesterday to discuss with him subjects you raise in reference telegram. I began by saying that the Indian High Commissioner in Ottawa had enquired some time ago about the purchase of uranium from Canada and that we had subsequently been approached by the agents of Canadian producers for authorization to export uranium intended for India. As we were definitely interested, I suggested I would appreciate any info Bhabha could give regarding the quantity of uranium involved. Bhabha said India desired to purchase from abroad "uranium concentrate" and possibly uranium fuel rods. He could not repeat not give me definite info regarding the exact quantities required until the Planning Commission had finally approved his proposed development programme during the third five-year plan for atomic energy power stations in India. He promised to inform me as soon as a final decision, which he expects soon, has been reached. He then enquired if the agents had mentioned any specific quantity. I replied that I thought the figure was in the neighbourhood of 400 tons. Bhabha said that, if his plans are approved, he thought perhaps this figure would approximately represent the total amount required for a period of two or three years. He would check with his office and inform me as soon as possible.

2. Bhabha then raised the question of safeguards in connection with the purchase of uranium from Canada. I suggested that, since we had already worked out an acceptable formula in the case of fuel rods for the CIR, India would presumably agree to similar conditions for further purchases. Bhabha replied that "very confidentially between friends" he would agree to the same conditions for the purchase of fuel rods but in the case of uranium concentrate he said an assurance from India that the uranium would be used for peaceful purposes only should be sufficient. He then went into a detailed discussion of the International Agency safeguards and said that he had himself succeeded in obtaining a qualifying clause providing that these safeguards be applied "wherever they are relevant." In the case of uranium concentrate, it was his opinion that the International Agency requirements would be met if a guarantee was given that it would be used for peaceful purposes only. He suggested that uranium was now available without safeguards. (Allardice informed me in Trombay last Monday that India could purchase uranium from three sources without any safeguards whatever. He was probably referring to France, Belgium and the USSR.) Dr. Bhabha went on to talk about the purchase of "hardware," such as pumps and machinery for development of atomic energy in which field he thought the question of safeguards did not repeat not apply.

3. Bhabha concluded this part of our discussion by saying that in view of Canada's interest in and aid to India in the atomic field, he would rather purchase uranium from Canada than from any other source.

4. My immediately following telegram deals with Indian plans for [Group corrupt] development from atomic energy.

[C.A.] RONNING

416. DEA/14003-J-2-3-40

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM 154 New Delhi, March 24, 1960
CONFIDENTIAL. OPIMMEDIATE.
Reference: My Tel 152 Mar 24.

ATOMIC POWER IN INDIA

In conversations with Dr. Bhabha, I said that, arising out of Canadian cooperation with India in the CIR, we were naturally greatly interested in India's future plans and that I would appreciate any info he was free to give me about their programme for atomic energy power plants. Bhabha informed me that the Planning Commission had not repeat not as yet finally approved all of his proposals for power development during the next five year plan which provide for development of 600 megawatts using natural uranium plus 5100 megawatts using enriched uranium. He said it could be assumed that the programme would at least be 300 plus 100 megawatts, respectively, but he hoped that his whole programme would be accepted.

2. The natural uranium power stations are planned to develop from 100 to 150 megawatts each and will use natural uranium with heavy water moderator of graphite and cooled either organically or by water. Bhabha said he was now negotiating with the USSR for the development of one of these power stations. (I understand he will be visiting the USSR in the near future for further discussions or finalization of their plans in this regard. During my recent visit to Trombay I learned from Tegart that a number of Russians had visited the CIR).

3. Bhabha said India would be calling for tenders soon for the construction of the other natural uranium power plants. He would of course welcome any participation by Canada in the development of one of these power plants but he had gotten the impression that Canada was now so involved in carrying out Canadian plans for development of power that Canada was not repeat not prepared at the present time to undertake any further responsibilities in India. He hoped, however, that Canada would cooperate in the research work for which he thought Trombay would be exceptionally well equipped to undertake. The Indians, he said, are prepared to share with Canada any info they obtain. Atomic Energy authorities in Canada may wish to discuss details of these possibilities with Bhabha.

4. In addition to the stations using natural uranium providing 600 megawatts, Bhabha seems to be fairly confident that the Planning Commission will approve of two stations developing 100 megawatts of power using enriched uranium. USA authorities have been consulting them regarding this type of power development and are considering two power stations of 25 and 75 megawatts respectively. The USA scientists, Dr. Bhabha informed me, have recently visited CIR and were very favourable impressed. Bhabha seems confident that these plans will be realized.

[C.A.] RONNING

417. DEA/14003-J-2-3-40

Le chef de la Direction des relations extérieures d'Énergie atomique du Canada Ltée. à la 1ère Direction économique

Head, External Relations, Atomic Energy of Canada Limited, to Economic (1) Division

CONFIDENTIAL Ottawa, August 4, 1960

Dear Miss Burwash:

Telegram #424 from Delhi to Trade and Commerce (July 30)† contained several pieces of very interesting information about Indian atomic energy plans. In connection with paragraph 2 of the telegram, it might be worthwhile mentioning some recent correspondence by Mr. J.L. Gray that has a bearing on the matter.

During May Mr. Gray discussed with Dr. Bhabha the possibility that a Canadian manufacturer might want to bid on a power reactor for India. As a result of Bhabha's interest in the suggestion, Canadian General Electric and Canadian Bechtel agreed that they would be very much interested in the opportunity to consider further the possibility of tendering after the Indians have issued specifications. Mr. Gray wrote to Bhabha in mid-June, reporting that there was a possibility of Canadian interest and suggesting that staff of the Canadian companies who are interested might want to discuss the matter with him at some opportune time, preferably after the Indian proposals have been issued.

The point is that some Canadian firms are anxious to receive the Indian tender calls, although they may not yet feel able to submit a bid. I feel sure that after our NPD reactor has operated for a few months, thereby giving us some very important operational information on fuel and other components, CGE and perhaps others will be anxious to submit tenders to anyone wanting a power station similar to Douglas Point. This state of affairs may be reached in about a year's time. In the meantime, I do not think any action is required beyond keeping our Canadian Mission in India informed, unless they find an opportunity (without creating a special occasion) to remind Dr. Bhabha of Canadian interest.

Yours sincerely,

J.W. GREENWOOD

418. DEA/11038-1-13-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL Ottawa, November 9, 1960

CANADIAN REPRESENTATION AT THE INAUGURATION OF THE CANADA-INDIA REACTOR

The Canada-India Reactor Project in Trombay, India, is now nearing successful completion and you will recall that we have agreed to an Indian proposal that the inaugural ceremonies should be held on January 16, 1961. I shall shortly be sending you a memorandum addressed

to the Prime Minister concerning the appointment of a Minister and an official to attend these and other Colombo Plan ceremonies. The purpose of this memorandum is to recommend the appointment of additional Canadian representatives to be present at the inauguration of the CIR.

We have not as yet received much detailed information concerning India's plans for the inauguration, but we do know that the ceremony will probably be held in connection with a scientific conference to which the Indians have invited a variety of international scientists, and that it will be attended by Prime Minister Nehru. It is thus apparent that the Indians are attaching considerable significance to the occasion and it appears probable that it will be given wide publicity there.

In these circumstances I consider it important that Canada should be represented at the ceremonies by a strong delegation of officials, and representatives from Atomic Energy of Canada Limited, as well as by a Canadian Minister. This will not only underline the importance which we attach to this co-operative venture but will help to insure that Canada's role in its successful completion is not lost sight of. I recommend that the delegation should include:

1. Mr. Chester A. Ronning, High Commissioner for Canada in India;

2. Mr. J.L. Gray, President of Atomic Energy of Canada Limited;

3. Dr. W.B. Lewis, Vice-President, Atomic Energy of Canada Limited (or some other senior representative from AECL).

Mr. Ronning has been our representative in India for over three years. He has closely followed the progress of the Canada-India Reactor Project and was responsible for concluding our successful negotiations on the provision of fuel elements. As you know, Atomic Energy of Canada Limited played the leading part in supplying the design for the reactor and in supervising its building and initial operation. Mr. J.L. Gray's contribution to the success of the project has therefore been especially important. Mr. Gray has informed us that he and Dr. Lewis (or some other senior representative from AECL if Dr. Lewis should be unable to attend) would be happy to participate fully in the inaugural ceremonies.

Since the Canada-India Reactor is Canada's most important contribution to international co-operation in the atomic energy field, you may wish to consider whether, provided suitable travel arrangements could be made, it would be appropriate that our Governor on the Board of the International Atomic Energy Agency (Mr. M.H. Wershof) should also attend the ceremonies.

If you agree that it would be appropriate to include these four in our delegation, we shall so inform the Indians and shall proceed with the necessary arrangements.[68]

N.A. R[OBERTSON]

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[68] Note marginale :/Marginal note:
OK. H.C. G[reen] 11/11

419. DEA/14003-J-2-3-40

Note du chef de la 1ère Direction économique pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Economic (1) Division, to Under-Secretary of State for External Affairs

SECRET [Ottawa], November 23, 1960

POSSIBLE SALES OF REACTORS TO INDIA: SAFEGUARDS POLICY

As you are aware, the Indian Government has called for tenders on the two 150 megawatt reactors for the Tarapore Power Station. Moreover, during Dr. Bhabha's recent visit to Canada he suggested the possibility of Canadian cooperation with India in the building of a Candu-type power reactor at Kundah (near Madras) which would supplement the hydro-electric power already provided by the Colombo Plan project there.

The Canadian firm of Montreal Engineering Company Limited, which has been supplying general advice and supervision in the Kundah project, has shown an interest in cooperating with Atomic Energy of Canada Ltd. and the Indian Government in building a power reactor there. As regards the Tarapore reactors, we understand that Canadian Bechtel is actively interested and is at present exploring the possibility of forming a consortium with Canadian Westinghouse for the purpose of putting in a tender. Dr. Bhabha has several times stated to Mr. J.L. Gray and to others that India would not accept safeguards on reactors but would be prepared to agree to some formula for fuel.

Several United Kingdom firms are interested in bidding on the Tarapore reactors and the United Kingdom High Commissioner on November 18 left with our Minister the attached Aide Mémoire stating that the United Kingdom has decided not to supply the reactors without safeguards provided that other countries, including France, are prepared to observe a comparable restraint. The Aide Mémoire refers to an Indian report that an American/Canadian combine means to tender, asks for an assurance that there has been no change in the Canadian policy on safeguards and requests us to join with the United States and the United Kingdom in putting pressure on the French not to agree to supply a reactor to India without safeguards.

This is the first time it has appeared likely that Canadian firms capable of manufacturing reactors would be prepared to enter the export field. Their doing so would be a major step towards the development of an important new Canadian industry which might eventually employ large numbers of trained scientists and skilled workmen and utilize many Canadian products. The hope of such a development was one of the reasons for our embarking upon to CIR Colombo Plan project which from this point of view was regarded as something of a "loss leader" operation. The Kundah reactor project would be equally valuable as an exceptional opportunity to explore and to demonstrate the advantages of the natural-uranium-fuelled CANDU-type power reactors on which our programme has been concentrated. Exploratory talks with officials of other departments, including Mr. Bryce and Mr. Plumptre, suggest that these considerations may carry a good deal of weight with them. In the circumstances, you may consider that a re-affirmation of our safeguards policy should not be made until Cabinet, or at least the Ministers most concerned, have had the opportunity to re-examine our position.

The following are some of the considerations which might be taken into account.

The IAEA safeguards proposals, which next January will come before the Board of Governors for final approval, provide for the application of safeguards to reactors: all our existing bilateral agreements which provide safeguards apply to nuclear equipment as well as to source and special fissionable material. It would therefore be a very grave decision to alter

or modify our position and one which would have to be examined not solely from the viewpoint of our policy in the IAEA but also in the light of its compatibility with our active championship of plans for general disarmament. There is a further point of domestic importance: if we were to consider relaxing our safeguards requirements for the benefit of Canadian firms (all except the Montreal firm United States subsidiaries) which may hope to export nuclear equipment, we might well run into difficulties with Canadian uranium producers, who have been unable up to now to take full advantage of export opportunities because of our Canadian safeguards requirement.

On the other hand, we cannot be certain that the safeguards proposals will emerge in acceptable form from the Board of Governors discussions, nor that they will be implemented in such a way as to cover all — or even the greatest part — of the international transactions in nuclear materials and equipment. On this point it must be admitted that the maintenance of the "common front" on bilateral transactions by the Western suppliers is, and always has been, a delicate and precarious operation. In response to representations made at a very high level last year, France has pretty definitely indicated that it will not consider itself bound as regard its bilateral transactions; neither is there any real guarantee that Australia, South Africa and Belgium will continue indefinitely to withstand the pressure to agree to uncontrolled transactions. It can however be said that all the above countries would probably hesitate to be the first to abandon the common front.

It has always been obvious that the IAEA safeguards system would have little value unless the major suppliers were prepared either to channel their transactions through the Agency or to continue to observe their self-denying ordinance in their bilateral dealings. The most recent proposal from the United States is that there should be a meeting of suppliers after the Board of Governors session at the end of January. If it were thought that the situation outlined in this memorandum required some modification of Canadian policy, our partners would certainly have a claim to be given an indication of our intentions. In these circumstances it might be worth considering whether it would be useful to suggest that a suppliers meeting be held at the earliest possible date (before the Board of Governors meeting) with a view to exploring the possibility of finding some compromise solution that would save as much as possible of the safeguards concept.

M.A. CROWE

[PIÈCE JOINTE/ENCLOSURE]

Aide-mémoire du haut-commissaire du Royaume-Uni

Aide Mémoire by High Commissioner of United Kingdom

SECRET [Ottawa, November 18, 1960]

In the confidential Ottawa Group Agreement of March, 1959, the U.K. Government agreed with Australia, Canada, South Africa and the U.S. that atomic reactors should only be supplied to countries which were prepared to offer adequate safeguards against military usage of the reactors and their fuel.[69] This reflects the policy set out in a Western resolution which the General Conference of the International Atomic Energy Agency passed by 43 votes to 19 with 2 abstentions.

The Indian Government have called for tenders for the construction of a power station with two reactors, each of 150 megawatts capacity. They prefer natural uranium reactors but do not exclude reactors employing enriched fuel.

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[69] Voir/See Volume 26, document 474.

The U.K. Government and the consortia of U.K. firms engaged in atomic development both have considerable interest in British tenders being offered. The Indian Government have however refused an undertaking to apply the safeguards, which the U.K. Government asked them to provide in accordance with the Ottawa Group agreement.

A Soviet spokesman said at a Press Conference in India in March 1960 that the Soviet Union was prepared to supply a power reactor "without strict control." The Russians have told the Indian Government however that they are not prepared to tender in open competition. Whether the Soviet Union would in fact supply is not yet known.

The U.K. Government have therefore had to balance the manifest disadvantages of foregoing safeguards — notably in relation to disarmament and to precedent — against the danger of the Indian order going to Russia or to France, which is another possible supplier and is not a signatory of the Ottawa Group agreement.

After a careful examination of all aspects of the Indian reactor case the U.K. Government consider that the balance of advantage lies in maintaining their safeguards policy, and that the U.K. should not supply if the Indian Government continue to refuse safeguards. The U.K. Government intend, however, to maintain their reservation to the Ottawa Group Agreement of [March] 1959, which retained the U.K.'s right to review British policy if other countries, including France, failed to apply comparable safeguards. If it should become clear that either the Russians or the French have decided to supply the Indians with a power reactor without safeguards a new situation would have arisen and the U.K. Government would therefore wish to reconsider their position. The Canadian and United States Governments would no doubt then wish to reconsider too, and the U.K. Government would want to consult with them at that stage.

The French have persistently refused to be drawn into saying whether or not they will supply a reactor to India under safeguards. On the last occasion on which the U.K. Government approached them they maintained that they intended to examine each case as it arose and that there was no urgent need to take a decision about an Indian power station. At that time (May 1960) the problem had not been submitted to their Ministers. Since the Indian call for tenders stipulates that these must be submitted by May 31st, 1961, the French must presumably, however, now be in the process of taking a decision. The U.K. Government propose to approach them at once and strongly urge them not to agree to supply a reactor to India without safeguards. The U.K. Government hope that the Canadian and U.S. Governments will co-operate in pressing the French Government. The U.K. Government are making a similar approach to the United States Government and Her Majesty's Ambassador in Paris will be instructed to concert tactics with his United States and Canadian colleagues.

The U.K. Government do not intend to raise the matter with other members of the "Ottawa Group" before French intentions are known.

The Indians have put about a story that an American/Canadian combine intends to tender. They have implied that this would enable them to reach a compromise solution of the safeguard problem, under which the reactor would be free of safeguards and they would accept safeguards only on the fuel charge of uranium. H.M.G. would be grateful for assurance that there has been no change in the Canadian policy on safeguards, and, in particular, that if reactors employing enriched fuel were to be supplied, safeguards would be applied to the export of reactors as well as to supply of fuel. The U.K. Government wish to be able to tell interested firms in the United Kingdom, in terms similar to those to be used by Americans and Canadians in speaking to their firms, that United States and Canadian firms would be bound by the same safeguards restrictions as themselves.

The U.K. Government would be grateful if the Canadian Government would join them in representations to the French Government and hope that they could decide to do this quickly.

The same suggestion is being made to the U.S. Government. The best means might be that the Canadian, U.K. and U.S. Ambassadors in Paris acted separately but in consultation.

420. DEA/14003-J-2-3-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET Ottawa, December 6, 1960

SAFEGUARDS FOR INDIAN REACTORS:
APPROACHES TO THE FRENCH GOVERNMENT

You will recall that when the United Kingdom High Commissioner saw you on November 18 he left with you an Aide Mémoire referring to the Indian Government's call for tenders on two power reactors at Tarapore and stating that the United Kingdom Government had decided not to allow domestic firms to supply these reactors without safeguards, provided that other countries, including France, were prepared to observe a comparable restraint. The Aide Mémoire asked for an assurance that there had been no change in the Canadian policy on safeguards and requested us to join with the United States and the United Kingdom in putting pressure on the French not to agree to supply a reactor to India without safeguards. We have since learned that the United States has replied affirmatively to this suggestion.

The Atomic Energy Advisory Panel, under the Chairmanship of Mr. R.B. Bryce, met yesterday to discuss this request. It was the unanimous opinion that we should give the United Kingdom the assurance required and should indicate that Canada would be prepared to co-operate in putting pressure on the French not to supply a reactor to India without safeguards.

In considering this question, the Panel was fully aware that Canadian policy with respect to safeguards must be kept constantly under review in the light of the current situation — particularly the maintenance by other suppliers of support for safeguards. The Panel also took into account the fact that a Canadian firm may possibly submit a tender for the Indian reactor — though it is not likely to be the successful bidder. The Panel nevertheless held the view that we must, in the present circumstances, maintain our existing policy. The following were the considerations taken into account in reaching this decision.

The IAEA safeguards proposals, which next January will come before the Board of Governors for final approval, provide for the application of safeguards to reactors: all our existing bilateral agreements which provide safeguards apply to nuclear equipment as well as to source and special fissionable material. It would therefore be a very grave decision to alter or modify our position and one which would have to be examined not solely from the viewpoint of our policy in the IAEA but also in the light of its compatibility with out active championship of plans for general disarmament. There is a further point of domestic importance: if we were to consider relaxing our safeguards requirements for the benefit of Canadian firms which may hope to export nuclear equipment, we might well run into difficulties with Canadian uranium producers, since the government has continued to require safeguards for the export of uranium above a cumulative total of 2,500 lbs. to each country.

Attached for your approval is an Aide Mémoire replying to that left by the United Kingdom High Commissioner. You may wish to transmit this to Sir Saville Garner in person, or if you

are unable to do so before you leave for New York, I could see that it reaches him as expeditiously as possible.[70]

If you agree that the course proposed is the right one, our Ambassador in Paris will also have to be instructed. It is possible that there may be some slight difference of position between the United States and the United Kingdom regarding the manner of approach to the French. The United States, which is committed to the maintenance of safeguards without qualification, would propose simply asking the French for an assurance that they will not supply a reactor to India without safeguards. The United Kingdom, which supports safeguards with the proviso that others do the same, may approach the French from this point of view. Since the approaches in Paris are to be made separately, though in consultation, this disparity, if it exists, should cause us no difficulty.

N.A. R[OBERTSON]

[PIÈCE JOINTE/ENCLOSURE]

Aide-mémoire du secrétaire d'État aux Affaires extérieures

Aide Mémoire by Secretary of State for External Affairs

SECRET Ottawa, December 9, 1960

The present Aide Mémoire concerning safeguards for the two power reactors to be built at Tarapore, India, is in reply to that received from the United Kingdom High Commissioner on November 18.

The Canadian Government wishes to assure the United Kingdom Government that there has been no change in the Canadian policy on safeguards as formulated in the bilateral agreements concluded between Canada and several other countries and as set out in the IAEA document CC(IV)108 Rev. 1 of August 10, 1960, which Canada has strongly and consistently supported.[71] The maintenance of this policy, which was re-affirmed by the Canadian representative at the fourth General Conference of the IAEA, would, of course, be subject to review if other suppliers of nuclear materials and equipment failed to observe comparable restraint.

The Canadian Government is prepared to co-operate with the Government of the United Kingdom in urging the French Government not to agree to supply a reactor to India without safeguards requirements. The Canadian Ambassador in Paris is being instructed to consult with his United States and United Kingdom colleagues with a view to making separate but co-ordinated approaches.

H.C. GREEN

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[70] Notes marginales :/Marginal notes:
Initialled by SSEA 6/12. R. C[ampbell].
As SSEA did not give any indication that he would hand the Aide Mémoire to the U.K. High Commissioner personally, I take it that he would wish it delivered. R. C[ampbell] 6/12.

[71] Voir chapitre XV./See Chapter XV.

421. DEA/14003-J-2-3-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en France

Secretary of State for External Affairs to Ambassador in France

TELEGRAM ET-1695 Ottawa, December 9, 1960

SECRET. OPIMMEDIATE.

Reference: Your Tel 1317 Dec 1.†

Repeat Washington, London, Geneva (Routine) (Information).

By Bag Vienna, Delhi.

SAFEGUARDS FOR INDIAN REACTORS: COORDINATED APPROACHES TO THE FRENCH

We have now examined the position thoroughly and have reached the conclusion that at the present time Canadian support for safeguards (multilateral and bilateral) should continue unchanged. We have also decided that Canada can usefully cooperate in urging the French not repeat not consent to supply reactors to India without a safeguards requirement. You should therefore inform your UK and USA colleagues that you have been authorized to consult with them regarding the tactics and timing of your approach. We consider however that, as suggested in the UK Aide Mémoire to us, the approaches would be more useful if they were made separately.

2. In making the Canadian representation, you should stress the following points.

3. Canada has as is known, strongly and consistently supported the efforts to develop a multilateral safeguards system through the International Atomic Energy Agency. It has also refused to allow Canadian producers to supply more than a cumulative total of 2500 lbs of uranium to any one country with which Canada does not repeat not have a bilateral treaty calling for safeguards against diversion to military use of materials and equipment supplied for peaceful purposes. As recently as last month, an order from the United Arab Republic was ruled out for this reason.

4. Canada considers that the nations most advanced in nuclear technology have a specific obligation to ensure that so far as possible international trade in peaceful nuclear supplies is conducted in such a way as to assist rather than impede our efforts to construct workable machinery for controlled disarmament.

5. Though India is admittedly a peace-loving country sales of equipment or source material made to it without safeguards would create difficulty in the maintenance of our policy towards others who might be less scrupulous.

6. Such an action at this particular juncture, would also lessen the chances that acceptable meaningful multilateral safeguards can be promptly approved and implemented by the IAEA Board of Governors.

7. In the light of all these considerations, and of the fact that France continues to be closely associated with the Western supporters of the safeguards policy, it is hoped that no decision will be taken regarding the supply of reactors to India which would imperil the achievement of our common objective.

8. If such action were to be taken, Canada, as one of the major suppliers of nuclear materials would consider that our position would need to be re-examined.

9. You should not repeat not allow yourself in making those representations, to become involved in any discussion of the details of safeguards procedures.

422. DEA/14003-J-2-3-40

L'ambassade en France
au secrétaire d'État aux Affaires extérieures

Embassy in France,
to Secretary of State for External Affairs

TELEGRAM 1370 Paris, December 14, 1960

SECRET. OPIMMEDIATE.

Reference: Your Tel ET-695 Dec 9.

Repeat Washington, London, Geneva (Priority) (Information).

By Bag Vienna, Delhi from London.

SAFEGUARDS FOR INDIAN REACTORS: COORDINATED APPROACHES TO FRENCH GOVERNMENT

At the UK Embassy yesterday we were given a copy of an Aide Mémoire delivered to De Rose at the Quai on December 1 by the UK Minister urging upon the French Government "The desirability of the application of safeguards in the case of the large nuclear power station, tenders for which were invited by the Indian Government on October 11." This document is reproduced in our immediately following telegram.† You will notice that in paragraph 4 it is stated "If on the other hand a policy on safeguards were not repeat not to be applied by all four potential Western supplying countries, HMG would consider that a new situation had arisen and would not repeat not feel sound to maintain their present policy."

2. We were shown the Embassy's report to London on the tenor of Rumbold's discussion with De Rose. The latter took a frankly "hostile" attitude towards the UK representations, one which was occasioned by what, from the French point of view, is regarded as the unhelpful UK attitude over the years to nuclear cooperation with France. De Rose indicated that in the French view there was no repeat no urgency in reaching a decision on India reactors as safeguards did not repeat not enter into their costing. He countered the British point, apparently made orally, that were France to supply without safeguards, she would have to bear the odium of breaching the safeguards front and probably being beaten in tendering due to the technical advance of UK firms, by calling the UK bluff to the extent of suggesting that he would not repeat not believe that the UK would "sin" to the extent of reversing their previous policy: De Rose did observe that possibly the UK could beat French firms but that it was not repeat not Netwatter which worried them unduly. De Rose nevertheless agreed to take the UK representations into account. In reporting this the Embassy added: "But they (the French) certainly see no repeat no reason why they should commit themselves on the question of principle or why they should let us know in advance what their decision in this particular case was likely to be," Rumbold apparently told De Rose that if left in doubt as to what the French were going to decide finally to do, "we might very well not repeat not do so (i.e. require safeguards) either."

3. In subsequent conversation with Kidder, USA Political Counsellor, who called on De Rose on December 10, we discovered that he had received about the same treatment. De Rose, raising the point that there had been a lack of real USA cooperation with France in nuclear development, observed that it was typical that the USA for their part requested cooperation only when France had something to give rather than the reverse. Kidder countered by pointing

out the considerable cooperation between the two countries which had taken place in the peaceful field of nuclear energy and stated that a lack of military nuclear cooperation was hardly relevant to the case at issue. De Rose clearly indicated to him, however, that the French government proposed to make up their own minds without outside help: in fact, the USA were told politely but firmly, as Kidder expressed it, "to keep their noses out." Kidder, in answer to a question, indicated that no repeat no paper was left with De Rose and that he had advanced no repeat no threat of the USA governments reconsidering its safeguard policy in the event that France did not repeat not apply safeguard provisions in the case of tendering for India reactors.

4. In our own experience since Canadian stand on French nuclear testing De Rose has been rather difficult to deal with. In fact before UK and USA representations were made, we had gently suggested that perhaps De Rose was not repeat not the best man to approach in this matter; on the other hand there was the consideration that he is the Quai's expert in Atometry. With the above stories in hand we mentioned to both the UK and USA embassies that we thought we might well approach Charles Lucet in place of De Rose who possibly could become quite exasperated and non-receptive by the time we saw him. They did not repeat not demur, in fact the UK mission rather thought it would be a good idea at this stage. We intend therefore to make our representations to Lucet either late this week or early next.

5. In the light of the above info we should be grateful if you would indicate whether the Canadian representation should continue to stress all the points made in paragraphs 3 to 8 inclusive of your reference telegram. While of course we would not repeat not suggest that we should not repeat not honour our commitment to support the UK's initiative in endeavouring to ensure that France, if she tenders at all, will require safeguards to be observed, there would we suggest be some merit at this juncture in casting our representations in a slightly different form, possibly along the following lines in a memo:

(a) should any Canadian firms tender for the supply of large nuclear power stations for India, bids for which were called by the Indian Government on October 11, 1960, the Canadian Government will require them to supply under adequate bilateral safeguard arrangements;

(b) it is our understanding that the UK and USA governments intend to act in an analogous fashion vis-à-vis their own industry;

(c) it is our further understanding that, although the French Government's policy with respect to multilateral safeguards is similar to that of Canada, regarding the application of bilateral safeguards the French Government will examine each case on its merits as it arises;

(d) at this juncture, the continued requirement, by all four potential Western supplying countries, of the observation of adequate safeguard procedures by their customers is considered by the Canadian Government to be particularly important for two reasons:

(i) those nations, which are the most advanced in nuclear technology, have a specific obligation to ensure that so far as possible international trade in peaceful nuclear supplies is conducted in such a way as to assist rather than impede their common effort to construct workable machinery for controlled disarmament, and

(ii) for them to act otherwise would lessen the chances that acceptable and meaningful multilateral safeguards, which they support, can be promptly approved and implemented by IAEA Board of Governors,

(e) it would therefore be appreciated if the French Government could assure the Canadian Government at the earliest date that no repeat no decision will be taken regarding the supply of the above noted reactors to India which would imperil the achievement of our common objectives.

6. You will have noticed that we have in effect recommended the deletion of any direct suggestion on our part that should France break the Western safeguard front we shall have to re-examine our own position, a re-examination which could only imply that we were prepared in certain circumstances to consider abandoning or modifying in large measure a position which we have on moral and humanitarian grounds defended for many years. For the UK to advance such a consideration is in our view rather more credible in French eyes — in spite of De Rose's remarks noted above — than for ourselves to stress it at this time. This we believe is true especially as our view, for example, on French nuclear test explosions — a thorny subject in Franco-Canadian relations — has not repeat not been the same as the UK. Indeed we shall presumably in a few days be voting against such tests in UNGA, a stand fully consistent with our desire to hold the line against the further dissemination of military nuclear manufacturing capability pending an agreement on disarmament. We venture the suggestion therefore that were these two developments to coincide, the French authorities would tend to regard our position as equivocal. As a strictly practical consideration we should add that from such info as has been made available to us there by the UK and USA embassies there is no repeat no firm indication: (a) whether the French are in fact interested in tendering on the India reactors or (b) whether the requirements of the current French civil and military nuclear programmes — now reputedly in high gear — leave sufficient uncommitted resources in technological manpower and fabricating capacity available to carry through the design and ultimate construction of, and to provide the appropriate charge of fuel for, the two reactors required by India within the time limits desired by that country; even if, and this has yet to be proved, the French government is prepared in the final analysis to throw safeguards to the wind.

7. Even in the event that you possess hard info on those two points we wonder whether the role of the ingénue might not repeat not be a more effective one for us in this case. The French Government is certainly aware of our history of attachment to safeguards. In addition to the related question of nuclear tests, the explanation which Canada has or will be giving in connection with our vote in favour of the Irish Resolution on the prevention of the dissemination of nuclear weapons (your telegram V-804 December 9)† will indicate the relationship which we have established between our disarmament aims and the requirements of the defence of the NATO area. In itself this might lend some measure of credence in French eyes to a stated possibility of a Canadian re-examination of safeguard requirements. Here again two factors might well vitiate that credibility:

(a) it is not repeat not quite the same thing to permit a non-NATO country to reach a position of being able to manufacture nuclear weapons if it wants to, and

(b) would our safeguard policy be regarded as likely to change as quickly as our agreement to the dissemination of those weapons within NATO might be reached, it being noted that the India tenders are due by May 31, 1961?

8. In short, we do not repeat not believe that because of our traditional position, a hint of modification of Canadian safeguards policy would impress the French government. Our suggested form of representation is designed to capitalize on that tradition. If French assurances are not repeat not received, it would also leave the way open to tell them that we are in the process of re-examining our policy as a direct consequence of French action, thus exerting at a still critical stage the form of pressure which we think would weaken our case now.

[G.G.] CREAN

423. DEA/14003-J-2-3-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassade en France

Secretary of State for External Affairs
to Embassy in France

TELEGRAM ET-1717 Ottawa, December 15, 1960
SECRET. OPIMMEDIATE.
Reference: Your Tel 1370, 1371 December 14/60.
Repeat London (Priority), Washington, Geneva (Routine) (Information).
By Bag Vienna, Delhi from London.

SAFEGUARDS FOR INDIAN REACTORS: COORDINATED APPROACHES TO FRENCH GOVERNMENT

We agree that you should make your representation along the lines set out in paragraph 5 of your telegram 1370.

424. DEA/14003-J-2-3-40

Note du chef de la 1ère Direction économique
pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Economic (1) Division,
to Under-Secretary of State for External Affairs

SECRET [Ottawa], December 19, 1960

URANIUM FOR INDIA

Dr. Bhabha has wired Mr. J.L. Gray[72] offering to buy 25 tons of Canadian uranium provided Canada will sell it on the sole condition that the Indian Government supply a certificate stating that the uranium and its by products will be used solely for peaceful purposes and will not be re-exported. Dr. Bhabha states that he has "offers to supply" at $11.55 per kilo C.I.F. Bombay and would be prepared to take Canadian uranium on the above conditions if it were offered at competitive prices F.O.B. a Canadian port. At the above price the sale would be worth about $288,750. This information has been sent to the Privy Council Office, where Mr. Bryce will be considering whether it will be possible to arrange a meeting of the Atomic Energy Advisory Panel to discuss it. Unfortunately, Mr. J.L. Gray leaves for Japan and India on Friday, December 23, so that a meeting would have to be convened this week if he is to attend it.

2. A proposal of this kind, coming at the present time, puts us in a very difficult position. On the one hand, we are urging the French Government not to supply reactors to India without bilateral safeguards. We are also continuing to give strong support to the efforts to ensure safe passage of the Agency safeguards proposals through the Board of Governor's session next month. On the other hand, it would be rash to assume that Dr. Bhabha's proposal will remain

[72] Note marginale :/Marginal note:
After discussion this morning with Minister Gray will tell Bhabha that while we can meet his price we cannot agree to his terms. When he sees Bhabha he will speak to him about Article XI. A.E. R[itchie] Dec. 21

confidential. Even if he does not himself allow it to be made public, there is still a strong chance that British Metals Corporation (the agents in India for Gunnar Mines who have before this been very active in putting pressure on the Department) will get wind of it. If therefore it were decided that Dr. Bhabha's proposal should be turned down, some explanatory statement in the House would probably be advisable. An alternative to turning it down might be to suggest a modified safeguards arrangement on the fuel rods that the Indians propose to fabricate from it for the C.I.R. similar to the one developed for the earlier supply of fuel. Though the Indians are unlikely to accept such an offer, it would give us more time to assess the situation and perhaps to find out where the other alleged offers came from.

3. A copy of Dr. Bhabha's telegram is attached.†

M.A. CROWE

425. DEA/14003-J-2-3-40

Le président de l'Énergie atomique du Canada Ltée.
au sous-secrétaire d'État adjoint aux Affaires extérieures

President, Atomic Energy of Canada Ltd.,
to Assistant Under-Secretary of State for External Affairs

SECRET Ottawa, December 22, 1960

Dear Ed [Ritchie],

Attached is a copy of a letter I have received from Dr. Bhabha. You will note that he has classified this as SECRET, so I presume we must maintain this classification until the contents become generally known.

I am sending a copy of this letter and the attachment to Mr. Bryce, Mr. Gilchrist and Mr. Plumptre who I am sure are interested, as this is the first piece of concrete evidence we have that transactions of this magnitude are actually taking place under these conditions.

As you know, I will be meeting with Dr. Bhabha and his staff from 16th to 28th January, and I would appreciate advice from Ottawa if there is any change in the attitude of the Government regarding Canadian dealings with India.

My office will know where to get me at any time but if there is a message to be sent I would suggest that it be routed through Mr. Bull in Japan between 4th and 13th January.[73]

Yours sincerely,

J.L. GRAY

[73] Note marginale :/Marginal note:
Miss Burwash may we speak. [Auteur inconnu/Author unknown]

[PIÈCE JOINTE/ENCLOSURE]

Le président, Atomic Energy Commission of India,
au président de l'Énergie atomique du Canada Ltée.

Chairman, Atomic Energy Commission of India,
to President, Atomic Energy of Canada Ltd.

SECRET Bombay, December 16, 1960

Dear Lorne [Gray],

You will recall our conversation about the purchase of uranium from Belgium. I write to confirm that we have purchased over twenty tonnes of U_3O_8 from the Société Générale des Minerais, and the only safeguards agreed to is a certificate stating that the uranium and its by-products will be used exclusively for peaceful purposes and will not be re-exported. The Union Minière du Haut-Katanga have informed us that future transactions with them will be governed by the same condition and the fact that we do not accept the Agency's safeguards regulations would not prevent them from selling us uranium.

In these circumstances, I trust that Canada will have no objection to regulating their uranium sales likewise. If you are prepared to do so and in view of our very friendly relations, we would be glad to consider purchasing our uranium requirements from you.

Yours sincerely,

HOMI BHABHA

426. DEA/14003-J-2-3-40

Le président, Atomic Energy Commission of India
au président de l'Énergie atomique du Canada Ltée.

Chairman, Atomic Energy Commission of India,
to President, Atomic Energy of Canada Ltd.

CANADIAN PACIFIC TELEGRAM NO. 200 Bombay, December 22, 1960

Reference: Your telegram regarding sale of uranium.

To avoid misunderstanding we are prepared to guarantee that uranium concentrate supplied by Canada will be used only for making fuel elements for CIR.

[HOMI] BHABHA

427. DEA/14003-J-2-3-40

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM 788 New Delhi, December 28, 1960
CONFIDENTIAL
Repeat External Aid Office.

CANADA-INDIA REACTOR — FUEL

In the course of discussing plans for CIR inauguration Dr. Bhabha referred to recent difficulties that have been encountered with fuel rods during attempt to bring reactor to full power. It has become necessary for India to purchase second consignment of 100 fuel rods from Canada. India would pay for first consignment on commercial basis as previously agreed but Bhabha hoped Canada would supply second consignment under Colombo Plan. He said a request would be made by Indian financial authorities that the 1961-62 Colombo Plan allocation include an amount for 100 fuel rods for CIR. India would agree to same confidential terms under which first consignment was obtained.

2. Dr. Bhabha indicated he had been in touch with Mr. Gray of AECL on subject of purchase of an additional quantity of uranium from Canada for CIR. He said Canadian price of uranium compared favourably with other sources of supply and India preferred to do business with Canada. India would purchase a specified amount of uranium on commercial basis and would agree to same confidential terms on which fuel rods were obtained. Also a guarantee would be given that uranium purchased from Canada would be used only in CIR.

[C.A.] RONNING

428. DEA/14003-J-2-3-40

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM 793 New Delhi, December 28, 1960
CONFIDENTIAL. PRIORITY.
Repeat EAO (Information).

ATOMIC POWER STATION IN INDIA

During course of my talk with Dr. Bhabha on Saturday he spoke of his government's plans for construction of an atomic power station and possibility of a long term Canadian loan to purchase Canadian equipment required in addition to construction which Indians can themselves provide.

2. While he had been in Canada recently Bhabha had been shown detailed blueprints of Canada's projected atomic power station a gesture which obviously pleased him greatly. He is fully aware of Canada's involvement in construction of its atomic power station and improbability therefore of Canada assuming responsibility for a similar project in India at this time. Bhabha is, however, enthusiastic about Canadian design and possibility of cooperating

with Canadian engineers to produce a similar design adapted to Indian needs by Indian engineers. He also spoke hopefully of a possible long term loan from Canada to finance purchase of Canadian equipment for this project.

3. Field of long term credit loans to India is one that Canada has not repeat not yet entered of course. It is a form of assistance which USA, UK and Soviet bloc have found to be effective as well as highly useful to themselves commercially in opening new markets and in setting up new patterns of trade with India. It is a concept that bears out some of conclusions reached at trade commissioner's conference in Ottawa recently and one which might in this case deserve consideration.

4. Bhabha in his informal talks with me suggested an approximate figure of dollars twenty million to be spent over a four-year period for purchase of Canadian equipment.[74]

[C.A.] RONNING

SECTION C

MALAISIE
MALAYA

SUBDIVISION I/SUB-SECTION I

BOYCOTTAGE DES MARCHANDISES SUD-AFRICAINES
BOYCOTT OF SOUTH AFRICAN GOODS

429. J.G.D./VI/840/M239

Le premier ministre de la fédération de Malaya
au premier ministre

Prime Minister of Federation of Malaya
to Prime Minister

Kuala Lumpur, August 9, 1960

My dear Prime Minister

You will already be aware of the decision taken recently by the Government of the Federation of Malaya to prohibit the import of all South African goods with effect from 1st August, which was announced in the following terms on 6th July, 1960:

"The Government has decided to prohibit the import of all goods of South African origin into this country with effect from 1st August, 1960. This step has been taken only after very careful consideration of the various implications of this country's obligations under the GATT. The Government has felt impelled to adopt this course in view of South Africa's policy towards its own Negro and coloured people, and the insuperable barrier which this policy places in the way of normal relations between South Africa and other African and Asian Nations.

"The Government intends to maintain this stand until such time as the South African Government gives a sufficient indication of its sincere intention to tackle this problem in a humane way."

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[74] Voir/See "Parley in Canada Presses Campaign for More Exports," *New York Times*, December 4, 1960, p. 35.

The main object of this letter is to give you a fuller explanation of our motives and reasons.

2. This Government has of course always expressed its disapproval of the attitude of the South African Government towards its Negro and coloured people. The shootings at Sharpeville and elsewhere of innocent people revealed apartheid as an inhuman policy which has shocked the civilized world. The denial of basic liberties to millions of human beings is a phenomenon which my Government finds difficult to ignore, My Government feels therefore it can no longer allow this to continue unchallenged. We think that positive action must be taken to ensure a change of Heart by South Africa.

3. The present policy of the South African Government constitutes, moreover, a complete bar to normal relations between South Africa and other Asian and African countries. For example citizens of this country are rigidly segregated when they visit South Africa and even our Envoy, if we attempted to establish diplomatic relations, would be treated in the same way. The whole situation is one which we can no longer accept and we are impelled to take some steps to bring home to the South African Government how strongly we feel that they are not only violating human rights and cutting themselves off from other Asian and African countries but also moving in the direction of ultimate disaster to themselves.

4. The range of positive action open to us is limited, and thus it has come about that, after pondering carefully as to our position in relation to the General Agreement on Tariffs and Trade, we have finally reached the conclusion that we can best give a concrete indication of our attitude by prohibiting from 1st August the importation of South African goods.

5. What I have suggested to the South African Foreign Minister as a step which ought to be taken by his Government is the introduction of very limited representation, say 10 members on a limited franchise for the Africans themselves in the South African Parliament. I have suggested that this representation might later be gradually and cautiously enlarged in the light of experience over the years. I believe that African participation in the Government of that country must be gradual if good and humane understanding is to be maintained. But I believe too that a start must be made soon for the sake of the future of humanity and of the orderly progress of South Africa itself. Immediately we in this country see definite signs of such a move we will be ready to consider a return to normal trade relations.

6. The South African Government, relying perhaps on world apathy towards the problem, refuses even to contemplate such a step, and I am led to the conclusion that unless the world shows, in some positive way, that it respects the principle of human rights set out in the U.N. Declaration they will persist in their present course until they are finally engulfed in some cataclysm which might disturb the whole balance of human relations in the world.

7. It is for this reason that I am bringing to your attention the action which my Government has taken on apartheid and asking you to consider whether it would not be in the interest of the future of the human race for your country to give to the world and South Africa some positive indication of your objection to the present dangerous trends in South African policy.

8. You may recall that at the recent Conference of Independent African States in Addis Ababa, a unanimous resolution was adopted for the boycott of South African goods, as well as the denial of air space to all aeroplanes and harbour facilities to all ships from South Africa. Such positive and co-ordinated action as these should have their effect.

9. I am wondering therefore whether you are agreeable that some positive step should be taken and if so, whether you would consider the possibility of taking individual action. You may, on the other hand, prefer that a conference be held to discuss at greater length what action should, and can, be appropriately taken in this matter. My Government would be glad to act as host if it is generally felt that such a conference would be useful. I shall be grateful for your views in this matter as I think we all are equally anxious that the moral reprobation which

the world feels in this, as evidenced at the United Nations and elsewhere, should be translated into effective action in order to achieve a just and humane solution to this problem.

Yours sincerely,

TUNKU ABDUL RAHMAN PUTRA

430. J.G.D./VI/840/M239

Le premier ministre
au premier ministre de la fédération de Malaya

Prime Minister
to Prime Minister of Federation of Malaya

Ottawa, September 8, 1960

My dear Prime Minister,

Thank you for your letter of August 9 concerning a recent decision of your government to prohibit the import of all South African goods. May I say at the outset that I am in complete sympathy with your concern about the racial policies of the South African Government. This general question has been discussed on several occasions in our parliament during the past few months and on these occasions it was made unmistakably clear that the Canadian Government and all sections of the Canadian public deplore the repressive and discriminatory actions of the South African Government.

I can appreciate the feelings which inspired your boycott action but I find it difficult to believe that such action is likely to induce the Union to move or, to speak very frankly, that it is a desirable precedent to set. As I announced in parliament in April, Canada does not contemplate placing any restrictions on its trade with South Africa. There is no evidence that I have seen which would indicate that any of the governmental or trade union boycotts in various parts of the world have had the slightest effect on Union policies. South Africa, with its abundant natural resources and industrious people, seems unlikely to be moved by outside economic pressure. In fact, such "foreign interference" might well strengthen those tendencies which we are seeking to reverse and at the same time cause real economic hardship for African labourers. Moreover, I am concerned about the precedent created.

I abhor the denial of fundamental freedoms in South Africa, but if every country in the world refused to trade with every other nation whose domestic policies were repugnant to it, the international economic scene would be very distorted indeed. Moreover, it would do a disservice to peaceful international relations by limiting the opportunities for the healthy interchange of goods, ideas and people, which is the best hope for breaking down barriers of ignorance and prejudice.

I have no particular suggestion of my own to make at present regarding alternative positive measures, but I shall continue to give earnest consideration to this question. I have an open mind on the usefulness of a conference being held in the future and would be glad to hear more about this idea should there be widespread support for it. At this time, however, I think that we should concentrate on what action might most usefully be taken by the forthcoming General Assembly of the United Nations. I hope our two delegations will keep in close touch.

I am looking forward to your visit to this country. If you wish, I should be glad to take that opportunity to discuss with you at greater length this problem which is of deep concern to us both.

I am,

Yours sincerely,
J.G. D[IEFENBAKER]

SUBDIVISION II/SUB-SECTION II

VISITE DU PREMIER MINISTRE TUNKU ABDUL RAHMAN PUTRA À OTTAWA, LE 19 AU 21 OCTOBRE 1960
VISIT OF PRIME MINISTER TUNKU ABDUL RAHMAN PUTRA TO OTTAWA, OCTOBER 19-21, 1960

431. DEA/12850-M-2-1-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

CONFIDENTIAL [Ottawa], October 18, 1960

POSSIBLE MALAYAN PROPOSAL FOR A UNITED NATIONS TRUSTEESHIP OVER WEST NEW GUINEA

The *New York Times* of October 16 carried an item from Kuala Lumpur reporting that the Malayan Prime Minister was leaving for his North American visit with a plan for the settlement of the Netherlands-New Guinea problem. The article stated, "It is believed he will propose a United Nations trusteeship for the Dutch-held territory with Indonesia as the administering power." While the Tunku has been concerned for some time with the disturbing effect of the West New Guinea dispute on relations in the area, and has said that he would be glad to assist in bringing about a peaceful settlement of the dispute if invited to do so, this is the first indication we have had that he might have definite proposals in mind. Further light on the Tunku's intentions is cast by the attached telegram No. 230 from Kuala Lumpur.†

2. While it is encouraging that the Tunku envisages a possible solution through the United Nations, it is doubtful whether this proposal would gain much support — the Netherlands and Australia would undoubtedly oppose it vigorously and it is not clear that Indonesia would welcome it since it begs the question of sovereignty over the territory which Indonesia claims.

3. The Netherlands Government has publicly stated that its policy is to bring the territory to a situation where it could determine its own future and has embarked on a programme of encouraging and increasing Papuan participation in administrative and legislative functions. Dutch policy envisages self-determination for the territory as soon as its population is capable of making such a decision — which would not preclude union with Indonesia if this was the people's wish. The Canadian Government recognizes Dutch sovereignty over the territory and has been concerned that the wishes of the people of West New Guinea should be of paramount concern in determining the future of the territory. Current Netherlands (and Australian) policy seems to hold best promise of achieving this objective.

4. The Netherlands Ambassador called on me on October 17 in connection with this news item and suggested informally that it might be suggested to the Tunku that this question could usefully be discussed with the Dutch during his forthcoming visit to the Netherlands.

N.A. R[OBERTSON]

432. DEA/12850-M2-1-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

CONFIDENTIAL [Ottawa], October 18, 1960

VISIT OF TUNKU ABDUL RAHMAN PUTRA, PRIME MINISTER AND MINISTER OF EXTERNAL AFFAIRS OF THE FEDERATION OF MALAYA: SUBJECTS LIKELY TO ARISE IN DISCUSSION

South Africa

The Tunku has been anxious to demonstrate by concrete action the opposition felt in Malaya to the racial policies of the South African Government. The Tunku cannot, of course, publicly countenance racial discrimination anywhere when the future of his own political party, as well as Malaya itself, depends on a continued partnership between the Malayan, Chinese and Indian racial groups in the Federation. In a speech to the Malayan House of Representatives on June 20, the Tunku disregarded precedent and quoted excerpts from the confidential record of the 1960 Prime Ministers' Conference in order to show that he had made every effort to force a discussion of South Africa's racial policies. He then announced that he was writing to the Prime Ministers of all democratic countries asking for their views on positive action to be taken against *apartheid*. He also suggested informally that limited representation for Africans should be introduced in the South African parliament — possibly ten members on a limited franchise. This representation could later be gradually enlarged.

In his letter to you of August 9[75] the Tunku reiterated his concern about *apartheid* and announced his country's prohibition of the import of South African goods. He suggested that other nations might wish to consider taking positive individual action as well, or alternatively they might prefer a conference to discuss at greater length what action should be taken. Malaya was prepared to act as host to such a conference if it were generally felt it would be useful.

In your reply to the letter, you expressed complete sympathy for the Tunku's concern about the racial policies of the South African Government. However, you felt that boycott action would not have any useful effect on South Africa and that it might create a dangerous precedent. As for alternative positive measures, you had no suggestions at the time, but you were willing to consider a conference if there should be widespread support for the idea. You felt, however, that the United Nations General Assembly was probably the best place for discussing the matter at present. In conclusion, you indicated your willingness to discuss the problem with the Tunku during his visit here.

On the question of readmitting the Union of South Africa to the Commonwealth following its change to republican status, the Tunku has refused to commit himself until he has had an opportunity to consult his fellow Commonwealth Prime Ministers. You will remember that we

[75] Voir la section précédente./See the previous section.

informed all Commonwealth leaders that this was the attitude you intended to take. The Tunku has said that he regretted that only a small minority of the South African population had been given an opportunity of participating in the referendum. He felt that under these circumstances it was much better for the Queen to be dissociated as head of state from a country with such a narrow racial policy.

All Commonwealth members (with the possible exception of India) seem willing to wait for the next Commonwealth Prime Ministers' meeting before making a final decision on South African membership. The United Kingdom authorities have tentatively suggested that May, 1961, might be an appropriate time for such a meeting. It is not known whether this suggestion will have been made to the Malayans as well. The present thinking of other Commonwealth countries seems to be briefly as follows:

South Africa

Although privately the Nationalists probably would not mind if the Union were expelled from the Commonwealth, Dr. Verwoerd apparently feels he must make an effort to keep his country in the Commonwealth in order to appease the English-speaking voters. He has intimated that he is prepared to come to the next Commonwealth Prime Ministers' meeting himself and argue that both republicanism and *apartheid* are purely domestic and therefore cannot be valid reasons for expulsion. He would also argue that South Africa would not lose its membership and have to seek "readmission" but that the Union would simply apply for "continued membership" and that such an application could be refused only if there were a negative vote by *all* the other members. According to this dubious theory, a single-member veto is operative only in the case of a new applicant for membership.

New Zealand

While Mr. Nash dislikes *apartheid* he will not oppose South African readmission and in private seems impressed with the South African argument about "continued membership."

United Kingdom

We have been told in confidence that Mr. Sandys is considering a formula whereby Prime Ministers might agree that since the form of constitution is a domestic matter it therefore follows that this should not affect Commonwealth membership and that the matter could be settled on the basis of an agreed general principle rather than making a special case of South Africa.

Australia

Australia is probably prepared to go along with the United Kingdom.

Ghana

Our High Commissioner in Accra has reported that Ghana would not like to see South Africa as a country leave the Commonwealth because of the black and "coloured" South Africans whom it recognizes as having no choice in the question. Ghana seems to be groping for some formula which would allow the country but not the present government of South Africa to be associated with the Commonwealth. Ghana recently began boycotting South African goods.

Nigeria

Abubakar's position on this issue is unknown but it may be assumed from his known dislike of the South African Government that he would have qualms about an unqualified readmission of South Africa.

India

Nehru's views are not known but a senior official has said that India would be prepared to accept South Africa as a continuing member if no others were opposed. However, if others voted against South Africa, India would also. India has been boycotting South African goods for years.

Ceylon

If left to itself, Ceylon would probably allow South Africa to remain, but in any showdown would probably follow the Indian lead.

Pakistan

The most moderate of the new members, Pakistan would probably not vote for South African expulsion unless all other Afro-Asians did so. Ayub has opposed boycotts.

Perhaps you might wish to take this opportunity to reiterate that you feel as keenly as the Tunku does on South African questions but that nevertheless you would urge him to exercise moderation and restraint at this time. It seems desirable that all Prime Ministers avoid publicly committing themselves before they have ample time to consider all the factors relating to South Africa's future association with the Commonwealth.

Future Membership of the Commonwealth

Now that the Commonwealth Study Group has considered problems concerning future applications for Commonwealth membership, the Tunku may wish to discuss this problem. Malaya (which was not represented on the Group) is particularly interested in this question in relation to the future of the nearby Borneo territories and Singapore.

In the past there have been some misgivings in Malaya on the question of admitting Cyprus to full Commonwealth membership. The Tunku may wish to have your views on this subject.

Canadian Aid to the Federation of Malaya under the Colombo Plan

Total Canadian allocations to the Federation of Malaya under the Colombo Plan Capital Assistance Programme during the past three years total $4.3 million. Cabinet has so far approved allocation of $1,588,500 for individual projects in Malaya. Specific items of capital assistance for road construction, civil aviation, fisheries, technical education, forestry, and university research, totalling $1,165,000 were approved on October 11, and will be announced during the Tunku's visit.

Commonwealth Exchange of Experts

The Tunku may wish to discuss this question, which he first raised at the Commonwealth Prime Ministers' Meeting in May. At that time it was referred to the Commonwealth Economic Consultative Council. The Canadian Government has agreed in principle to such a scheme, and means of implementing it are now under study.

The United Nations

Last year and again this year Malaya took the initiative in bringing before the General Assembly the question of violation of fundamental human rights in Tibet. The Federation Government has given its full support to the Secretary-General in the Congo affair, and has sent a 700-man Special Force for service with the United Nations command in the Congo.

The Tunku would undoubtedly be interested in having your own comments on the current session of the General Assembly, on the impact of the new African members and on the meaning of recent Soviet actions there. He will likely be interested in the relations between the U.S.S.R. and Communist China, and might be prepared to volunteer his own views on this subject.

Recognition of Communist China

The Tunku will likely wish to discuss this question with you. Malaya's position now is that the Federation Government will recognize Communist China (although it will not necessarily exchange diplomatic representation) if the latter recognizes an independent Formosa. This, of course, Communist China has refused to do, and Malaya consequently abstained in the recent General Assembly vote on the question of seating Communist China in the United Nations.

N.A. R[OBERTSON]

433. DEA/12850-M-2-1-40

Note de l'adjoint spécial au secrétaire d'État aux Affaires extérieures pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Special Assistant to Secretary of State for External Affairs to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], October 20, 1960

PRIME MINISTER'S CONVERSATION WITH THE PRIME MINISTER OF MALAYA

The only subject covered in the Prime Minister's conversation this morning with the Tunku was West New Guinea. The Tunku produced and spoke from the Aide Mémoire which you have. Following are the significant supplementary comments.

The Tunku justified the Malayan initiative in terms of his genuine apprehension of armed action by Indonesia in West New Guinea. He seemed anxious to forestall the criticism that his proposal was too favourable to Indonesia. He said that he regarded Indonesia's counter proposal as unacceptable but that he still thought there was merit in the idea of United Nations trusteeship for West New Guinea. He pointed to the words "when circumstances are favourable" in part (a) of his proposal and made the off-hand comment that he did not think that circumstances would ever be favourable. He then explained this comment by saying that once a trusteeship scheme had come into effect, the Indonesians would not be so eager to take over full responsibility for the territory and that in any case "the people would have to decide for themselves."

In emphasizing the urgency which he attached to his proposal, the Tunku kept repeating that unless something along U.N. trusteeship lines was agreed, the Indonesians would make a military move if only to divert attention from their internal problems. The Dutch would call in vain on neighbouring Asian countries for assistance and facilities. Malaya, as a near neighbour of Indonesia was naturally worried about the possibility of becoming involved.

The Tunku said that he attached so much importance to this that he had undertaken to hold consultations not only in North America but in London (he had left a copy of the Aide Mémoire with Mr. Macmillan and would be seeing him again on his return to the United Kingdom), in the Hague, New Delhi, and finally Djakarta. He hoped that the Dutch reaction would not be too negative and he also had hopes that he might persuade Mr. Nehru to exert a useful influence on Sukarno. Sukarno thought highly of Nehru.

In reading over the terms of his proposal to the Prime Minister, the Tunku said that he had been having second thoughts about the suitability of Ceylon as an administering power for West New Guinea. He stopped in the middle of his reading and, looking at Zaiton, said, "We will cut that out, eh?" Zaiton looked somewhat startled but nodded affirmatively and the Tunku said that two administering countries might be enough. He made no mention of Burma.

I had the impression that the Tunku was genuinely alarmed about Indonesian intentions. I think that he might have hoped for an expression of Canadian interest. The Prime Minister, however, made no comment but undertook to have the matter looked into. The Tunku had earlier showed the Prime Minister a copy of Prime Minister Menzies' comments and signified at the conclusion of the conversation that he was leaving this with the Prime Minister to assist the Canadian authorities in their study of the matter.

H.B. R[OBINSON]

434. DEA/12850-M2-1-40

Note de la Direction du Commonwealth

Memorandum by Commonwealth Division

CONFIDENTIAL [Ottawa], October 24, 1960

TALKS WITH MALAYAN OFFICIALS ACCOMPANYING THE TUNKU

On the morning of October 20, Mr. Basil Robinson, Mr. Stansfield and Mr. Drake talked to Mr. Zaiton, the Deputy Permanent Secretary of the Malayan Ministry of External Affairs, and Mr. Sopiee, Secretary to the Malayan Prime Minister. Zaiton appeared the quieter and more intellectual of the two; Sopiee seemed more voluble and revealed more emotion in his remarks. At our suggestion the discussion turned at once to South Africa and it was immediately apparent that this topic was very much on their minds. During an informal and frank discussion the following points emerged.

2. The Malayans said there was considerable opposition in their country to the Commonwealth connection. While officials like themselves had come to appreciate the benefits of the Commonwealth it would be difficult for the Malayan Government to withstand the public criticism which would result if the Commonwealth appeared to condone South Africa's racial discrimination. It was intimated that this factor was relevant in other countries as well as Malaya.

3. The Malayans agreed at once that in handling the South African question it must be made clear there was no objection to republicanism as such. The real issue was race relations and there could be no question but that South African policies had international as well as domestic implications. For example, they felt that discrimination would apply not only to South Africa's own citizens but to coloured foreigners like themselves who would be discriminated against if they visited the Union. (This consideration, Mr. Sopiee said, largely determined the Tunku's personal attitude towards the South African question.) There was also the question of South West Africa which had the clearest international implications. Moreover, the whole basis of the present Commonwealth was that of a multi-racial association and any member who did not believe in that had no place in the group. Malaya was not asking anything unreasonable. It was aware than South Africa could not reverse itself overnight. All it wanted was some sign of South African willingness to move in the other direction. The Tunku had previously indicated that even the granting of a few seats to the non-whites would be accepted as a token of good intention. Unfortunately there seemed little hope that the present South African Government would make any gesture.

4. The Malayans were not impressed by some of the arguments which had been advanced for keeping South Africa in the Commonwealth. The Commonwealth had not exercised any discernable influence on South Africa in the past nor had it served to protect or solace the blacks and Asians in the Union.

5. The Malayans were anxious to hear Canadian ideas on what might be done about South Africa, and stressed how valuable it would be, in their view, if one of the white members of the Commonwealth, such as Canada, could see its way clear to taking some initiative in this racial problem. They had not yet made up their own minds but had been considering the idea of suspending a final decision on membership and thereby keeping South Africa on extended probation. We mentioned to them the Ghanaian idea of somehow allowing the country but not the present government of South Africa to be associated with the Commonwealth. Zaiton's initial reaction was that this would set an undesirable precedent. The whole idea of the Commonwealth was a free association of governments and he did not know where it would lead us if we once began the process of not recognizing governments. Nor did the Malayans seem attracted by an Irish solution. They thought that if South Africa were first expelled from the Commonwealth and then the U.K., for example, restored all the benefits of membership bilaterally, there would be an adverse reaction in all new Commonwealth countries against the U.K. for going against the spirit of the Commonwealth Prime Ministers' meeting. We raised the possibility of finding some formula which would not permanently cut off South Africa from the Commonwealth and would leave the door open to its return to full participation whenever its racial policies became more acceptable. The Malayans did not seem too impressed with this and said that it would be implicit in whatever we did that South Africa would be welcome to return whenever it reformed.

6. The Malayans seemed worried about the South African argument that it would take unanimous agreement to expel a member. They were opposed to South Africa participating in the meeting in which its membership was discussed, and it became apparent to us that this opposition stemmed from the fear that if South Africa was present it might be able to veto its own expulsion. We said that we did not think South Africa's continued membership could be allowed to rest on any such legal quibble. We went on to say that there might be some advantage in having the South Africans attend the meeting, especially as Dr. Verwoerd was planning to attend himself and he might be slightly more receptive to friendly suggestion than was the impossible Louw. There were some advantages in personal contact even in the case of seemingly intransigent individuals. The Malayans would favour a Commonwealth meeting in 1961 to discuss Commonwealth membership problems: South Africa; Cyprus; and Sierra Leone (although they seemed much less aware of the last question than they did of the other two).

7. Malaya would reserve its final decision on South Africa until the London meeting.

8. They were asked what the British had said to them in London about South Africa, but they were rather vague on the subject. (At his press conference a few hours later,[76] the Tunku was much more forthcoming on this point. He made it clear that the British had been most concerned over the possibility of Malaya leading a move to have South Africa expelled, and had urged that this should not be done. He had only gone so far as to agree that if Malaya was the only member which did not want South Africa readmitted, it would not — as a "new boy" — exercise its right of veto. For some reason or other, none of the correspondents present appears to have reported what he revealed about the U.K. attitude. The Tunku also said he would like to see one of the old Commonwealth members take the initiative in dealing with the South African problem, and added — but it seemed to be rather as a polite gesture to his hosts than as a serious undertaking — that Malaya would follow a Canadian lead, whatever it might be.)

[76] Voir/See "Leader Says Malaya Will Follow Canada in South Africa Case," *Globe and Mail*, October 21, 1960, p. 13.

9. The Malayan officials raised the question of Cyprus. They said that Malaya was against the admission of Cyprus because the undertaking of the U.K., Greece and Turkey, on which its independence was based, left it not completely sovereign. They were not objecting on the grounds of its small size and unimportance, although they realized that the Commonwealth was faced with the problem of whether to admit small dependencies to membership. They asked what Canadian policy was regarding the admission of Cyprus and were told that Canada had not yet decided. The Malayan officials said they did not know whether the Tunku would veto Cypriot admission if Malaya proved to be the only country opposing it.

DAVID STANSFIELD

435. DEA/12850-M2-1-40

Note de l'adjoint spécial au secrétaire d'État aux Affaires extérieures

Memorandum by Special Assistant to Secretary of State for External Affairs

SECRET [Ottawa], October 25, 1960

VISIT OF THE PRIME MINISTER OF MALAYA

The following subject-by-subject summary of the main points which arose during the Tunku's visit is based partly on comments made at various times in the past few days by the Prime Minister, and partly on the Tunku's answers to questions at his press conference on October 20. The Tunku's press statement of October 20 is also a useful source in that it sets forth many of the views which he expressed privately in Ottawa. A copy is attached.†

South Africa

The discussion on South Africa took place during private conversations between the Prime Ministers. The subject was not raised either in their formal meeting on October 20 or in the Tunku's meeting with the Cabinet.

As expected the Tunku was sharply critical of South African racial policy and indicated Malaya's intention to maintain its trade boycott. With regard, however, to the forthcoming problem of South Africa's readmission to the Commonwealth, the Tunku said that as a new member, Malaya would not like to be the first or the only other Commonwealth country to exercise a veto. He made clear his hope that other Commonwealth countries, and particularly one or more of the older white members, would give a lead which Malaya could follow.

Some Canadian journalists expressing themselves on comments made by the Tunku at his press conference in Ottawa, have concluded that he was virtually committing himself to following the Canadian lead no matter in what direction the Canadian Government chose to move, but this interpretation seems of doubtful validity. It would appear closer to the truth to say that the Tunku hopes that the policy of older Commonwealth countries on the South African issue will be such as to enable Malaya to follow their lead without appearing to prejudice the natural aversion of Malayans to policies of apartheid.

The Tunku referred to his conversation in London with Mr. Sandys and indicated to the Prime Minister that he had been influenced to some degree by what Sandys had said. The Tunku said on this point that he could see that "it would weaken the Commonwealth if they started voting."

At his press conference, the Tunku revealed that when he had been in London, the United Kingdom authorities had shown themselves to be worried lest Malaya might be the first to oppose South Africa's readmission. He indicated further that the United Kingdom authorities had invited him to consider solutions for the South African problem which, while permitting

member governments to act and speak according to their consciences vis-à-vis South Africa, would avoid the expulsion of South Africa from the Commonwealth. Strangely enough, these points were not reported in press accounts; they did, however, indicate the nature of the United Kingdom approach to the Tunku, which had not, of course, been made public previously or indeed been made known to us in these terms through the diplomatic channel. That the Tunku was affected by this approach would appear to be demonstrated by the numerous public and private references which he made to his hope that older Commonwealth governments would not leave Malaya to act in isolated opposition to South Africa's re-entry.

The Tunku told Mr. Diefenbaker that he was not attracted by Nkrumah's idea of permitting the readmission of South Africa as a geographical entity but of refusing to recognize the present government of South Africa as representative for purposes of Commonwealth meetings.

At his press conference the Tunku was asked what he thought of the argument that if South Africa were expelled from the Commonwealth, the result would be to worsen the position of the African population. The Tunku made it clear that he did not think this argument held water since Africans were already losing their lives and liberty while South Africa was still in the Commonwealth.

The Prime Minister gave the Tunku no forecast of the position which the Canadian Government would take.

West New Guinea

This subject was discussed privately between the Prime Ministers and was referred to briefly at the meeting with Cabinet.

Virtually the whole of the formal conversation on October 20, in which the Minister also participated, was devoted to West New Guinea. Copies of a Malayan Aide Mémoire and of a letter from Prime Minister Menzies to the Tunku have already been given the necessary distribution in the Department.

So far as I know, the discussion on this subject did not go beyond an examination of the Malayan proposal, i.e., the Tunku was given no assurance or indication of the Canadian Government attitude to that proposal.

The Tunku placed strong, and evidently genuine, emphasis on his fear of Indonesian intentions. He spoke critically of President Sukarno and represented the Malayan initiative as an attempt to find a workable compromise between Netherlands and Australian interests on the one hand and the extreme ambitions of Indonesia on the other. He gave the impression of being fully conscious that his proposal would be unpalatable to the Netherlands and Australia but implied that from their point of view, the situation could become disastrous if matters were allowed to drift. He referred on various occasions to the difficult situation in which the Dutch would find themselves if they were to become involved in military or naval action in West New Guinea. Recalling the recent voyage of the Netherlands aircraft carrier in the Pacific, the Tunku predicted that no country in the area would feel able to provide facilities for the Dutch if they became involved in hostilities with Indonesia.

In commenting on the wording of his U.N. trusteeship proposal, the Tunku seemed anxious to leave the impression that the transfer of sovereignty to Indonesia might in fact never take place, partly because the Indonesians might not be so hungry for it once the territory had been removed from Netherlands administration, and partly because "the people would have to decide for themselves" about their future political status.

Answering questions from the Minister, the Tunku said that he did not believe there was a danger that if Indonesia were to take over West New Guinea the Indonesians would try to acquire the Eastern part of New Guinea now administered by Australia. Nor did the Tunku

consider it probable, at least in his life time, that the population of the whole island of New Guinea would become unified and aspire to independence.

In considering the identity of countries which might serve as administering powers under the trusteeship system for West New Guinea, the Tunku said that he had considered the possibility of introducing Australia into his proposal but had concluded that this would be totally unacceptable. He had thought that India, Ceylon and Malaya would be a reasonable group but lately had wondered about Ceylon's qualifications. In the Prime Minister's presence, he deleted the name of Ceylon from the list of possible administering powers.

The Tunku told the Prime Minister that he had left a copy of his proposal in London, that he would discuss it with the United States Government in Washington and that he would possibly go to the United Nations to see Mr. Hammarskjöld. He would then return to London for further discussions with the United Kingdom Government and from there would go to The Hague for another meeting with Mr. Luns. Although he said he had not yet consulted the Netherlands on his trusteeship proposal, the Tunku gave the impression (at his press conference) of being hopeful that Luns would at least recognize that the Malayan initiative had been conceived in good faith. Depending on the reaction of other governments, the Tunku said that he had in mind discussing his plan with Mr. Nehru and subsequently with President Sukarno. He was also contemplating, if necessary, another visit to Australia for discussion with Prime Minister Menzies of whom he thought highly (although he had been disturbed by Menzies' recent speech introducing the Australian amendment at the General Assembly). At one point in his conversation with the Prime Minister the Tunku said that if he failed in his efforts to achieve a compromise along the lines he had sketched, he would then be obliged to take whatever steps might be necessary to protect Malaya from becoming embroiled in trouble over West New Guinea. He did not elaborate on this statement.

China

Page 5 of the press statement contains the Tunku's views on some aspects of the China problem. I understand from the Prime Minister that he did not develop these views much further in private conversation except to bring emphasis to the dangerous potentialities of continuing to quarantine mainland China. One point which is of interest in view of the controversy between Nixon and Kennedy is that the Tunku said both privately and at his press conference that it was not practical to treat Quemoy and Matsu as separate from Formosa. In private the Tunku put it another way: that Matsu and Quemoy were all part of Formosa, i.e., presumably for purposes of defence. Nothing which the Tunku said on China suggested that the Malayan Government was contemplating early independent action on any aspect of the China problem.

At the press conference, the Tunku was asked what view Mr. Diefenbaker had expressed with regard to China. The Tunku said that Mr. Diefenbaker had not committed the Canadian Government to any position. In reply to another press question, the Tunku said that it was not practical to say that recognition of mainland China would have the effect of discouraging the West's friends in South East Asia.

H.B. R[OBINSON]

SECTION D

AFRIQUE DU SUD : DÉTENTION DE NORMAN PHILLIPS
SOUTH AFRICA: DETENTION OF NORMAN PHILLIPS

436. DEA/6230-40

Le haut-commissaire en Afrique du Sud
au sous-secrétaire d'État aux Affaires extérieures

High Commissioner in South Africa
to Under-Secretary of State for External Affairs

LETTER NO. CAPE-105 Capetown, April 13, 1960

CONFIDENTIAL

Reference: Your Tels G-32† and G-34† of 9 April. My Tels Cape-35† and Cape-36† of 10 and 11 April.

INTERVIEW WITH MR. LOUW

As instructed, I saw Mr. Louw, Minister of External Affairs at noon on Sunday, 10 April to make representations for the release from detention of Norman Phillips of the *Toronto Star*. It was a stormy session. Mr. Brown of our staff accompanied me.

2. I began by presenting (in written letter form) your message of sympathy from our Prime Minister on the attempted assassination of Dr. Verwoerd[77] and added my own deep regrets. Mr. Louw offered no thanks and indeed did not read the letter, during the thirty minutes we were there. I then presented your representations for the release of Mr. Phillips.

3. Mr. Louw then began a long, ranting abusive outline criticism of the actions and reports of journalists in general and Phillips in particular, in which he criticized vehemently the Prime Minister of the United Kingdom, Mr. Macmillan, for permitting a resolution to be passed unanimously in the U.K. House of Commons,[78] our Prime Minister, Mr. Diefenbaker, for issuing such a news release and using the words "widespread indignation already felt in Canada at the measures etc."[79] which Mr. Louw stated were based on "completely false and distorted reports" and continued to blast the United Nations, United States, France and many others who have been critical of South Africa. He was at his "discursive worst" as Mr. Brown so aptly put it, was speaking in a loud abusive tone and even blamed the attack on Dr. Verwoerd on the activities and reports of the press in general including Mr. Phillips. He stated that the attack on his Prime Minister could be laid at the door of the English-speaking press in South Africa and foreign journalists.

4. Eric Louw is a ranting, raging bore, when he gets going, and is one of the most intolerant and abusive men I have ever met. He is quite intolerant of the views of others and indeed does not and will not listen to anyone. He did not permit me to finish one complete sentence during

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[77] Le 9 avril 1960./On April 9, 1960.

[78] Voir/See Walter H. Wagonner, "Commons Decries Africa Apartheid Without Dissent," *New York Times*, April 9, 1960, p. 1.

[79] Voir le communiqué de presse du 9 avril 1960 dans « Diefenbaker, 1960 », *Speeches* [Collection of the speeches of Prime Ministers and Leaders of the Opposition held in the Library of Parliament collection] ([Toronto]: Micromedia Ltd., n.d.)

See press release of April 9, 1960, in "Diefenbaker, 1960," *Speeches* [Collection of the speeches of Prime Ministers and Leaders of the Opposition held in the Library of Parliament collection] ([Toronto]: Micromedia Ltd., n.d..)

our interview or rather during his dissertation. He even offered a bit of blackmail or nearly so by saying that he had so far (sic) not criticized Canada but "could do so, could very well do so."

5. I did manage by dint of perseverance to advance the argument that was contained in your telegram and add that here was an opportunity to make some return to Canada for the attitude which our Prime Minister and the Government of Canada had adopted which I described as "leaning backward" in their efforts to prevent official criticism of South Africa, by the immediate release of Phillips. I added that his detention and the intentions of the Security police to question him, would only aggravate matters and make his subsequent reports, after he had left South Africa, more violent. All to no avail. He accused me of interfering in the affairs of the Government of South Africa and "telling them what to do." He was referring to my strong suggestion, repeated several times, that Phillips should be released immediately without questioning or if they insisted on this action, then it should be done that afternoon, Sunday, and Phillips released on Monday morning.

6. He gave no promise that he would help in the matter or that he would offer any advice to the Minister of Justice but merely stated that he would "transmit my representations to Mr. Erasmus, Minister of Justice." With that, we had to be content, and left. (My telegram Cape-35 of 10 April refers).

7. I am in the dog house with External Affairs since I was none too gentle in my efforts to "get a word in edgewise" and my relations with Jooste and the other officers of External are rather strained at the moment.

8. As you now know, Phillips was released yesterday and spent the night with Gordon Brown in Pretoria and leaves South Africa today at 4:45 p.m. from Jan Smuts airport in Johannesburg.

9. After the departure of Phillips I intend to ask Mr. Louw for a copy of the dispatch which Phillips attempted to send and which was intercepted by the postal authorities. Mr. Louw referred to it during our "visit" as "wilfully distorted and containing false statements." I should like to send a copy to you so that you may judge whether or not Mr. Louw's allegations are correct. It is reported in today's *Cape Times* (editorial) that "*the Canadian is on his way to Canada with the offending message in his pocket and it will be published against a background of what will be presented as attempts to censor it. No better device could have been excogitated to give the document a weight which it probably does not possess*." It is the original document that was refused transmission that I want and propose to ask for.

10. There will be interesting reports to send you from Ross Francis who has been in Durban from Saturday night last and has visited Phillips in confinement several times, and from Gordon Brown in Pretoria with whom Phillips spent last night and who will see Phillips to his plane at 1645 hours today. These reports will go to you as soon as possible.

11. Since writing the above, I have seen Jooste re the "Law of the Sea" and gave him *my* version of the interview with his Minister. *We are friends again.*

JAMES J. HURLEY

437. DEA/6230-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire en Afrique du Sud

Secretary of State for External Affairs to High Commissioner in South Africa

DESPATCH NO. G-102 Ottawa, April 21, 1960

CONFIDENTIAL

Reference: Your telegram 41 of April 14, 1960†

CASE OF NORMAN PHILLIPS

In addition to the report in your telegram, an oral message from Mr. Louw to Mr. Green was transmitted through the Acting High Commissioner for South Africa. In his message, Mr. Louw said that you had called on him and "demanded" a copy of the Phillips despatch which led to the latter's detention. Mr. Louw went on to say that he, thinking that the Canadian Government would not feel it appropriate to ask for this document, had enquired whether you were acting on instructions. He did not indicate what your answer had been, but I see in your telegram that you had said you were so acting.

2. The tone of Mr. Louw's message was not a complaint but rather to give an explanation; and he went on to express the hope that the feelings raised by the Phillips incident would not have an undesirable effect on the relations between South Africa and Canada.

3. An oral reply has been sent through Dr. Fincham simply thanking Mr. Louw for his message and reiterating the hope that no harm has been done to relations between the two countries.

4. No instruction was, of course, sent asking you to call for the Phillips despatch, and I can only assume that there was some misunderstanding on your part. It had not been our intention to go beyond the action called for in the press release which was telegraphed to you and it was unfortunate that you misconstrued the action that was required of you. However, Mr. Louw's message was quite conciliatory. He made it clear that he did not consider that your "demand" was a proper one and merely wished to give his own explanation of why it was refused.

5. At this same time I should like to thank you and the members of your staff for the quick action you took in rendering assistance to Mr. Phillips.

N.A. ROBERTSON
for Secretary of State
for External Affairs

SECTION E

ROYAUME-UNI
UNITED KINGDOM

SUBDIVISION I/SUB-SECTION I

POLITIQUE D'ACHAT DU GOUVERNEMENT
GOVERNMENT PURCHASING POLICY

438. PCO

Note du ministre des Finances pour le Cabinet

Memorandum from Minister of Finance to Cabinet

CABINET DOCUMENT NO. 60-60 [Ottawa], February 23, 1960
CONFIDENTIAL

MEETINGS TO DISCUSS GOVERNMENT PURCHASING PROCEDURES

1. As directed by Cabinet on July 2, 1959, meetings were held on January 28 and 29, 1960, in Ottawa, of senior officials of the main purchasing departments and agencies of government under the chairmanship of the Deputy Minister of Finance

(i) to investigate United Kingdom claims that United Kingdom suppliers were encountering such problems as lack of direct access to departments, tender periods too short to submit bids, delivery uncertainties and specification difficulties;

(ii) if claims were substantiated, to consider ways and means to improve the situation for United Kingdom suppliers; and

(iii) to bring such ways and means to the attention of the departments and agencies directly involved with government purchasing.

2. The United Kingdom High Commissioner was invited to participate in the meeting of January 29, and did so, together with two members of his staff.

3. It was clearly understood by all attending these meetings that the Canadian Government was not contemplating establishing new preferential arrangements for United Kingdom suppliers. It was made clear that the main purpose was to consider whether any adjustments could and should be made in purchasing procedures should it be found that these tend to put overseas suppliers at a disadvantage in relation to United States suppliers. The discussions related to civil purchases as opposed to defence procurement (where special considerations apply).

4. The United Kingdom representatives submitted three main suggestions for consideration which, in their opinion, would help improve the sales prospects of United Kingdom suppliers:

(i) It would be helpful if the Canadian Government through its senior officials could impress upon all procurement officers the importance of being aware of the United Kingdom as a source of supply.

(ii) As the timetable for tendering on Canadian Government contracts was sometimes very difficult for United Kingdom suppliers to meet, it would be a great help if the period allowed United Kingdom firms for preparing bids could be increased by two weeks in instances where much detailed work in preparing bids was necessary.

(iii) It would lessen the difficulties of United Kingdom exporters if, where United States specifications are stipulated or implied, an equivalent United Kingdom specification could also be given wherever possible and if the United Kingdom specification could be judged on its own merits and not in relation to specifications previously supplied or currently offered by competitive bidders.

5. The Canadian Government participants on the basis of their own experience also offered suggestions which, if adopted, might help stimulate interest in, and result in more sales of, United Kingdom products. Their suggestions may be summarized as follows:

(i) Canadian Government departments would welcome more literature in the form of catalogues, trade journals, etc., to improve the familiarity of those responsible for ordering technical, scientific or electrical equipment.

(ii) It would be desirable if the United Kingdom could take advantage of putting *sample technical equipment* on display at appropriate times and places so that potential Canadian users could see what was available.

(iii) *More contacts* might be made between British suppliers and scientists and technicians working in Canadian Government establishments.

(iv) While there has been improvement in recent years, there are still too many instances of failure to meet agreed *delivery dates*. This is a matter of particular importance in supplies destined for use in northern Canada because of the limited shipping facilities and short shipping season. Cases were also cited of inefficient or careless packaging of shipment from the United Kingdom.

(v) There was still room for improvement in giving *after sales service*. Considerable improvement had been noted but there was still some distance to go before reaching Canadian and United States standards. There was a particular need for salesmen who were qualified to carry out servicing or to make adjustments in machinery or equipment upon installation and afterwards. The need for maintaining readily accessible supplies of spare parts was also stressed.

(vi) It was desirable for United Kingdom suppliers to accept Canadian Government *payment procedures*, as this would help to avert unnecessary delays in receiving goods. Cases were cited of British suppliers shipping goods on a 'cash against documents' basis.

(vii) On the question of accepting *United Kingdom inspection* of goods, it was noted that some Government departments and agencies do accept such inspection; there might be others where a more flexible approach could be taken.

(viii) The United Kingdom representatives were of the opinion that purchasing officers sometimes invited tenders from United Kingdom firms solely for the purpose of keeping down Canadian prices. The Canadian officials were agreed that any such practice would be unethical and unfair, and all those present would undertake to guard against such practice.

(ix) It was considered desirable for United Kingdom manufacturers to study Canadian conditions with a view to adapting their *designs* to meet those conditions. Winter weather conditions in particular should be noted.

(x) On the subject of the *representation* of United Kingdom firms in Canada, it was noted that some firms were placing their representation in the hands of agents for competitors; this did not appear to be a very satisfactory arrangement.

6. From the remarks and comments made by the Canadian participants on the three main points put forward by the United Kingdom representatives, it was apparent that:

(i) Senior purchasing officials realized the interest of Ministers in this subject and that they would impress upon all their subordinate officials directly involved in initiating purchases the

importance of keeping the United Kingdom in mind when considering possible sources of supply.

(ii) There were a variety of practices followed by Government departments and agencies in setting the time allowed for submitting tenders but it was felt that these practices permitted reasonable flexibility; the possibility of granting more flexibility in particular instances could be considered. However, it was not thought desirable to adopt the United Kingdom suggestion of a *general* change in the time permitted for tenders. The present procedures had been designed to meet the particular requirements of the departments concerned; this must remain the main consideration.

(iii) There was a considerable diversity in the designation of standards and specifications. Sometimes detailed specifications were written; and sometimes specifications were designated by reference to some recognized standard as some departments had neither the time nor the capacity to write full detailed specifications for all items needed. The practice of referring to United States products by name was sometimes followed but in nearly all such instances the expression "or equivalent" was used. The United Kingdom had suggested that a United Kingdom product might be named sometimes. In reply it was pointed out that as a general rule Canadians were simply not familiar enough with United Kingdom products in a number of fields. Over time, however, a greater familiarity with United Kingdom equipment would develop and it should become possible more often to name specific items of United Kingdom manufacture.

7. In conclusion, it was agreed that:

(i) The United Kingdom's trade representatives would follow up with the individual departments and agencies the various suggestions (as summarized in paragraph 5 above) which emerged during the meeting.

(ii) The United Kingdom trade representatives would be responsible for following up this meeting, if they wished, with similar meetings at the provincial government level but it would not be appropriate for the Canadian Government to approach the provinces on this subject.

(iii) No publicity would be given to these meetings.

DONALD M. FLEMING

439. DEA/9575-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], March 7, 1960

GOVERNMENT PURCHASING POLICY

Recently discussions were held between senior Canadian officials and the United Kingdom High Commissioner concerning complaints by the United Kingdom Government about Canadian Government purchasing procedures. Mr. Fleming reported to Cabinet on this in a memorandum dated February 23. As you know, the question of passing over low United Kingdom bids on Canadian Government projects has become a matter of serious concern to the United Kingdom within the past year or so; it was raised at the meeting of the Continuing

Committee on Trade and Economic Affairs last July and again by Mr. Maudling during his recent visit to Ottawa.[80]

We have been informed by the Deputy Minister of Finance that a recent decision by the Treasury Board, involving the choice of large marine engines for the new Prince Edward Island ferry, may be raised in Cabinet.[81] Because of its implications both for our political and commercial relations with the United Kingdom, I thought you would wish to have the following facts:

The Prince Edward Island ferry is to be constructed by Halifax Shipyards. The lowest bid was supplied by Ruston-Paxman Limited, a U.K. firm. It had been proposed to the Board that the low bid be passed over in favour of the Canadian engine supplied by Dominion Alco at an additional cost of $127,059, a premium of something over 22% on Canadian content. The Board did not concur in this proposal and directed that the low bid, Ruston-Paxman, be accepted.

The Board's decision was influenced (a) by a concern for Canada's trade relations with the United Kingdom if they passed over a legitimate U.K. low bid, and (b) because the premium for Canadian manufacture exceeded the informal 10% rule laid down by Cabinet. It was also influenced by the fact that in this particular field in the last year there were other instances where the low bidders from the U.K. had been passed over in favour of suppliers of Canadian engines.

I understand that if this question does come up in Cabinet, Mr. Fleming would welcome your support for the Treasury Board's decision. As you know, the passing over of low foreign bids in recent years has been a source of embarrassment in our relations with other countries besides the United Kingdom, notably Belgium and the Netherlands. I therefore recommend that you support Mr. Fleming, should the need arise.[82]

N.A. R[OBERTSON]

SUBDIVISION II/SUB-SECTION II

DÉTECTION D'EXPLOSIONS NUCLÉAIRES
DETECTION OF NUCLEAR EXPLOSIONS

440. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], May 14, 1960

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),

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80 Voir la 3e partie de ce chapitre./See Part 3 of this chapter.

81 Cette question a été discutée au Cabinet les 3 et 17 mars 1960. Le marché a été adjugé à une entreprise britannique.
This issue was discussed in Cabinet on March 3 and 17, 1960. The contract was awarded to a British firm.

82 Note marginale :/Marginal note:
OK. H.C. G[reen]

The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General and Acting Secretary of State (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).

The Assistant Secretaries to the Cabinet (Mr. Fournier), (Dr. Hodgson).

RESEARCH ON DETECTION OF NUCLEAR EXPLOSIONS; CANADIAN PARTICIPATION

1. *The Prime Minister* said that the U.K. Prime Minister had asked whether Canada would agree to participate in a proposed international programme of research on the detection of nuclear explosions. The U.K. would raise this subject at the Summit Conference, and therefore Canada's reply would have to be made on May 16th.

It was hoped that the U.S.S.R. would agree to a treaty providing for the end of nuclear testing in the air, on water and on the ground, and a moratorium on other explosions, particularly underground explosions. This would constitute a major step toward the end of all testing, and this appeared to be the only positive outcome that could reasonably be anticipated from the Summit Conference.

The contemplated treaty would in its initial stage be limited to all explosions of more than a seismic magnitude of 4.75, because studies had shown that the proposed control system would not be capable of detecting all explosions below that "threshold," particularly explosions underground. The negotiating countries had therefore agreed in principle to work for a limited treaty in the near future and at the same time to undertake a research programme to ascertain the weaknesses of the control system and how they might be corrected.

Under the proposed three-power treaty the United States would explode nuclear devices in the southern part of its territory and would study the seismic effects. The U.S.S.R. would conduct a similar programme. The U.K. share of the proposed co-ordinated programme would be to study the U.S. explosions from outside U.S. territory.

The U.K. had asked Canada to permit the establishment on Canadian territory of (a) a central control post, developed from an existing station in Canada, which would serve as a prototype for the control posts in the proposed international system, and (b) about 20 mobile bases consisting of trucks carrying seismological instruments. The overall cost of this programme over a period of three years was estimated at $7 million. There would be 16 scientists at the central post and about 70 scientists distributed among the mobile bases. The U.K. scientists could make their most effective contribution to the programme at stations in Canada, because any attempt to monitor U.S. explosions in the U.K. would be handicapped by distance and by seismic noise from the continent of Europe. Because it adjoined the U.S. and because of its geological structure, Canada was a much more suitable place for the conducting of such research. Dr. P.L. Willmore, a Canadian seismologist, might be selected to take overall charge of the U.K. programme, directing it from the U.K.

The plan would not involve nuclear explosions in Canada, and the cost would not necessarily be borne by Canada alone. The central control station had to be placed on granite

rock at a distance of 500 miles from any large body of water. The U.S. explosions would occur on an east-west line in the latitude of North Carolina, and the mobile stations in Canada would be located about 200 to 300 miles apart, in an east-west line. Each station would have a mixed team including scientists from each of the three great powers plus neutrals.

The Soviets had given an informal indication that a programme of this kind would be acceptable to their scientists. Under the proposed nuclear tests treaty there would be agreement covering on-site inspection of each of the three powers by the others. The Russians were thinking in terms of 6 inspection visits each year, and the Americans were hoping for 100 each year, while the U.K. representatives were hoping for a compromise between these figures.

The Prime Minister said he had received a note dated April 28th from the U.K. Prime Minister asking for Canada's consent in principle and indicating that such a project would have useful possibilities for a wider degree of Commonwealth support and co-operation. For example, Australia and New Zealand might be willing to send some of their scientists to man the detection stations. Mr. Macmillan had sent further notes to Mr. Diefenbaker on May 10th and 11th asking for a reply early in the following week.

If a nuclear tests treaty could be brought into effect between the three powers, other nations and particularly China would subsequently be invited to join in binding themselves to its terms. France was not prepared to participate at this time.

An explanatory memorandum was circulated, (Memorandum, Secretary of State for External Affairs, May 14 — Cab. Doc. 158-60).†

2. *During the brief discussion* the following points were raised:

(a) Some said the Canadian government had consistently urged that nuclear explosions be stopped, and that the proposed programme would imply Canadian assent to such explosions. Canada should not abandon its declared policy, at least before a three-power agreement was reached. If there was agreement at the Summit and if, subsequently, Canada was asked to participate, there would be less reason for concern. The U.K. had not consulted Canada until just before the Commonwealth Prime Ministers' Conference, and then had expected an almost immediate reply.

(b) Others said that the tests contemplated in the research programme should not be opposed, because they were directed toward the end of finding a practical means of abolishing all nuclear explosions. The nations would not agree to a ban on nuclear explosions unless they were satisfied that such explosions could be detected. An agreement at the Summit for a limited programme on this subject would constitute a worthwhile achievement.

3. *The Cabinet* noted the statement of the Prime Minister on the inquiry received from the United Kingdom on whether Canada would participate in a proposed international programme of co-ordinated research on the detection of nuclear explosions, and agreed to consider the subject further at the next meeting of the Cabinet.

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441. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], May 16, 1960

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),

The Minister of Transport (Mr. Hees),
The Solicitor General and Acting Secretary of State (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister without Portfolio (Mr. Browne),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Dr. Hodgson).

. . .

RESEARCH ON DETECTION OF NUCLEAR EXPLOSIONS; CANADIAN PARTICIPATION
(Previous reference May 14)

5. *The Prime Minister* said that at the previous meeting of the Cabinet different views had been expressed on the desirability or otherwise of authorizing the United Kingdom to announce prior to the reaching of a three-power agreement that Canada was prepared to make its territory available for the establishment of monitoring stations as part of a co-ordinated programmes of research on the detection of nuclear explosions. The programme was heavily dependent upon the availability of sites in Canada, because the proposed explosions in the southern United States could not be effectively monitored from either the U.K. or the U.S.

Various aspects of the programme remained to be established. The composition of the research teams had not been worked out in detail, although it was contemplated that each would include representatives of all three signatories plus neutrals. The frequency of inspection was not yet known. The U.S. had proposed that the moratorium should be for a term of five years, but the U.S.S.R. regarded this period as too long. The U.K. was suggesting a period of 3 years.

It was reported that at the Summit Conference on that day Mr. Khrushchev had demanded a pledge from Mr. Eisenhower that there would be no more spy flights, and had withdrawn his invitation to Mr. Eisenhower to visit Russia. It appeared that the Conference might end almost at once. He surmised that the Soviets had been following U-2 flights for several months, and had intentionally waited until just before the Conference before taking action. The Canadian government had been wise in adopting a cautious attitude on U.S. proposals for the air exercise "Sky Shield."[83] Most senior U.S. air officers appeared to prefer a war in 1960 or 1961 and to believe that the U.S. could not win a war beginning in 1962 or later. The recent events at the Summit had implications for the U.S. election, because clearly Mr. Nixon would have to support the position taken by Mr. Eisenhower.

6. [Neuf lignes ont été suprimées./Nine lines were removed.] By that time the population of China would be 760 million, Latin America 560 million, and America north of the Rio Grande 315 million. The population of India would not increase in the interval. It was interesting to note that the committee estimated Canada's 1970 population at only 20.7 million. The English were wondering whether in the circumstances they should continue to bear the full cost of a

[83] Voir chapitre III, 4e partie, section (b)./See Chapter III, Part 4 (b).

worldwide system of defence involving Aden, Cyprus, Singapore, etc. It was important to the U.K. that, despite the embarrassment involved in the recent U-2 spy flight, the U.S. should not withdraw to "Fortress North America."

He had been surprised to learn for the first time at a meeting of the British general staff, that Canada was already operating a seismic detection station in the prairies.

7. *During the discussion* the points raised at the previous meeting were further explored and in addition the following points were raised:

(a) If the Summit Conference should collapse, the proposed research programme on the detection of nuclear explosions might prove abortive. Some expressed doubt as to whether the U.S. or the U.K. really wished to disarm, and suggested that the disarmament negotiations were really a sideshow designed to sustain the status quo in Berlin.

(b) A nuclear explosion appeared to offer the best means of recovering economically the petroleum from the Athabasca tar sands. This could not, however, be included in the proposed nuclear research programme, because this explosion could not be effectively monitored from the proposed detection stations in Canada.

(c) During the absence of the Prime Minister from Canada, in reply to questions in the House of Commons, the Minister of National Defence had stated that nerve gas was not being produced in Canada.[84] He had not mentioned that test-tube samples of such gas were being made for experimental purposes only at the chemical warfare station established in Alberta during World War II.

(d) Although the proposed test explosions would be underground, some radiation hazard would exist unless the explosions occurred many miles from any large body of water. Some members thought that a hazard might be created by transmission of radioactivity by underground water.

(e) Some said that, if Canada agreed to participate in the proposed programme, the fact should be announced at once because evasion at this time would probably lead to embarrassment later. Others said an announcement should not be long delayed because the proposed tests would appear to some Canadians to be contrary to the government's declared policy, and it might be alleged later that the government had been deceiving the public.

(f) Other members said that an announcement on Canada's participation should not be made until the three-power agreement had been reached, unless a delay in Canada's formal acceptance was likely to be prejudicial to the possibility of reaching agreement. Another reason for waiting was to avoid being associated with a proposal that might prove stillborn.

(g) Some believed that to allow the U.K. to announce Canada's position to other nations would appear to be a reversion to colonialism. Canada should speak for itself.

8. *The Cabinet* agreed that the Prime Minister should inform the Prime Minister of the United Kingdom in confidence,

(a) that the government of Canada was prepared in principle to participate in a proposed international programme of co-ordinated research on the detection of nuclear explosions;

(b) that no public announcement regarding possible Canadian participation should be made at this time; and,

(c) that, if agreement on the proposed research programme was reached by the U.K., the U.S. and the U.S.S.R., and if Canada was then advised, the Canadian government would be

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[84] Voir Canada, Chambre des Communes, *Débats*, 1960, Vol. III, p. 2669, Vol. IV, p. 4121.
See Canada, House of Commons, *Debates*, 1960, Vol. III, p. 2549, Vol. IV, p. 3951.

prepared to give favourable consideration to the establishment of detection posts in Canada as a step toward the ultimate banning of all nuclear tests.

. . .

442. J.G.D./VI/806

Message personnel du premier ministre du Royaume-Uni au premier ministre

Personal Message from Prime Minister of United Kingdom to Prime Minister

TOP SECRET [Ottawa] May 20, 1960

I am grateful for the message which your High Commissioner conveyed to me on the 18th May on the question of seismic research.† I am encouraged to know that you are ready to give favourable consideration to the establishment in Canada of detection posts as a necessary step towards our objective of banning all nuclear tests.

You say, however, that you would expect agreement to be reached between the Governments of the United Kingdom, the United States and the Soviet Union on an international research programme before an approach was made to the Canadian Government. This presents us with a considerable dilemma. An essential part of any agreement must be an agreed programme of research. From what the experts have said — and there seems to be no dissent over this — it appears that detection posts in Canada (and possibly other Commonwealth countries as well) are a most important if not essential part of the programme, and one in which the Russians are known to be interested. There does therefore seem to be a real need if we are to reach agreement, for us to be able to assure the conference in Geneva that the Canadian Government is prepared in principle to co-operate with us on the lines suggested. If we are to do this we need to do it at once.

I understand fully the difficulties with which you are faced, but I know too that you share my view of the importance (now greater than ever since recent events in Paris) of ensuring the success of this endeavour. I am therefore appealing to you to consider this aspect of the matter once more. If you could agree that the Geneva Conference could be told of your willingness in principle to co-operate in the programme of research it would be of immense help to us. You would no doubt wish to announce this decision in Parliament and we would of course arrange that this should be before or simultaneous with whatever we might say in Geneva.

There is a further point. The delay implied in your message has a great disadvantage. Much preliminary technical work needs to be started immediately if the Commonwealth share of the programme is to be of value. I hope, therefore, you can also agree that our experts could get into touch with yours to discuss this preliminary work.

In the meanwhile I will of course respect your request that nothing should be said about possible Canadian participation in the programme.

443. J.G.D./VI/806

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire par intérim du Royaume-Uni

Secretary of State for External Affairs
to Acting High Commissioner of United Kingdom

TOP SECRET Ottawa, May 20, 1960

My dear Acting High Commissioner,

I have been asked by the Prime Minister to send the following personal message for transmission to Mr. Macmillan in reply to his personal message of today's date:

"The stand we have taken against nuclear testing is such that we cannot agree that the conference can be advised along the line you suggest at this stage.

When tentative agreement has been reached between the three, we should then be in a position to approve of your informing the other parties that Canadian co-operation can be counted on."

Yours sincerely,
HOWARD C. GREEN

444. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], May 31, 1960

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Transport (Mr. Hees),
The Solicitor General and Acting Secretary of State (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin), (Dr. Hodgson).

. . .

RESEARCH ON DETECTION OF NUCLEAR EXPLOSIONS; CANADIAN PARTICIPATION
(Previous reference May 16)

7. *The Prime Minister* reported that, in response to the message sent to the Prime Minister of the United Kingdom following the last discussion of this matter, Mr. Macmillan had sent another communication strongly urging the Canadian government to allow the U.K. to tell the Geneva Conference that Canada would, in principle, co-operate in the research programme to ascertain the weaknesses in the proposed control system for nuclear explosions. It would be a grave mistake not to agree to this request.

8. *The Secretary of State for External Affairs* considered there was no objection to informing Mr. Macmillan now that when the three powers reached agreement Canada would co-operate. But to say anything publicly at this time or to allow the U.K. to indicate to the conference that this was Canada's position would be a serious mistake. The government's stand against any further nuclear tests had received the strongest support in Canada. Agreeing to Mr. Macmillan's request and having this known publicly before the three powers reached agreement would leave the impression that the government was being equivocal in its stand about testing, which would be embarrassing. The latest message from Mr. Macmillan was almost a threat; it ignored the political situation in Canada. As to the possibility of agreement amongst the three, Mr. Green noted that a press despatch from China made it clear that the Russians would be unable to carry out their commitments under the proposed treaty because the Chinese would not allow any detection stations on their soil unless they were party to the treaty.

9. *During the discussion* the following further points emerged:

(a) Many felt that agreeing to the U.K. request was right and such a decision should be taken. Canadian co-operation involving control posts, mobile bases, and scientists from other countries being stationed in Canada was conditional upon the three reaching agreement. To make the position clear, the Prime Minister might announce the government's policy, possibly before informing the U.K. of Canada's agreement to its request. This would not be embarrassing.

(b) On the other hand, it was argued strongly that since no agreement amongst the three powers might emerge, such an announcement at this time would be premature.

(c) If no announcement were made and the U.K.'s request were met, this would be bound to come out in the press.

(d) Any such statement should emphasize that Canada would only be providing detection tests on her soil; no explosions of any kind were to be held here.

(e) The necessity to concur in the U.K.'s proposal was not clear since no word had been heard from the United States on the matter.

10. *The Cabinet* deferred further consideration of the United Kingdom request concerning possible participation in a programme of research on the detection of nuclear explosions pending receipt of information from the Secretary of State for External Affairs as to,

(a) whether any detection sites might be established in China as part of the proposed three-power agreement; and,

(b) what the United States' attitude was in regard to the relationship of Canada to the arrangements contemplated.

445. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], June 2, 1960

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General and Acting Secretary of State (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker).

The Secretary to Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Dr. Hodgson).

. . .

RESEARCH ON DETECTION OF NUCLEAR EXPLOSIONS CANADIAN PARTICIPATION
(Previous reference May 31)

15. *The Secretary of State for External Affairs* said he had ascertained that China was expected to be involved in the ultimate plan for the banning or control of nuclear explosions but would not be involved in the proposed research programme. The United States was aware that the United Kingdom had requested Canada to participate in the detection plan, and the scientific committee planning the programme expected detection sites to be established on both Canadian and Australian territory. There was no objection to informing the U.K. Prime Minister now that Canada would co-operate if the three powers reached agreement and asked Canada to participate. Such a position would in no way hamper the powers in reaching agreement, but it would protect the Canadian government from public criticism. Agreement between the three powers would probably not be reached for some months, indeed the negotiations might fail, and therefore no announcement involving Canada should be made at this time.

16. *During the discussion* the points raised in previous discussions were further explored and in addition the following points were raised:

(a) Canada should not insist upon a joint request from the three powers for Canadian participation. This would appear to imply that the Canadian government placed greater importance on a request from Mr. Khrushchev than from the U.K. Prime Minister.

(b) The Russians were claiming that further nuclear tests were unnecessary and that they could obtain the information desired by chemical explosions. Canada should not agree to participate in any plan if predicated on unilateral action by the U.S. in conducting nuclear explosions without Russian agreement.

(c) The Prime Minister expected to discuss this subject with President Eisenhower in Washington on the following day.[85]

17. *The Cabinet* agreed that the Prime Minister should inform Prime Minister Macmillan in confidence;

(a) that if the United Kingdom, the United States and the U.S.S.R. reached agreement on a programme of research on the detection of underground nuclear explosions, the Canadian Government would be prepared to co-operate in the establishment of mobile seismic detection bases and a central control post on Canadian territory, as a step toward the effective ultimate banning of all nuclear tests;

(b) that no public announcement regarding possible Canadian participation in such a programme should be made at this time, but the United States and the U.S.S.R. may be told in confidence of the Canadian position; and,

(c) that the agreement of the Canadian Government to co-operate would be on the understanding that none of those concerned would make any disclosure of Canada's position or participation until the Canadian Government had made an announcement thereof in Parliament.

. . .

446. J.G.D./XII/F/305

Le haut-commissaire du Royaume-Uni au premier ministre

High Commissioner of United Kingdom to Prime Minister

SECRET Ottawa, June 9, 1960

Dear Prime Minister,

Mr. Macmillan has asked me to let you have the enclosed message in reply to the message contained in Mr. Green's letter to me of 3rd June.†

Yours sincerely,

J.J.S. GARNER

[85] Voir/See document 227.

[PIÈCE JOINTE/ENCLOSURE]

Message du premier ministre du Royaume-Uni au premier ministre

Message from Prime Minister of United Kingdom to Prime Minister

SECRET Ottawa, June 8, 1960

I was very glad to hear from Garner of your message of June 3rd about seismic research. It is a great help to us to know that we can now tell the United States and Soviet Delegations at Geneva, at the appropriate time, that we can count on Canadian co-operation in this, subject of course to tripartite agreement on a programme of research. A Commonwealth contribution in this important field will be of great value in the achievement of our common objective of banning all nuclear tests, and I look forward to fruitful co-operation with Canada in the programme of research. We shall of course take the greatest care to ensure that no disclosure of your decision is made until the Canadian Government has made an announcement in Parliament.

447. DEA/50271-M-40

Le haut-commissaire par intérim du Royaume-Uni au secrétaire du Cabinet

Acting High Commissioner of United Kingdom to Cabinet Secretary

SECRET [Ottawa], October 25, 1960

You will remember our discussions earlier this year about seismic research and the detection of underground explosions.

We have now been asked to tell you of forthcoming British measures in this field.

The United Kingdom Government's original intention was that expenditure on seismic research would only be incurred when tripartite agreement had been reached in the talks at Geneva. They hoped that such agreement might be reached quickly, and that an early start could then be made with a research programme. In view, however, of the delay which now seems likely in reaching such an agreement, the United Kingdom Government feel that if they are to make a worthwhile contribution to a programme agreed with the United States and Soviet Governments (bearing in mind that the United Kingdom is not at present an advanced nation in seismic research) they should without delay begin to extend the effort which they are putting into basic research and instrumentation in the United Kingdom. Their immediate purpose is to devise improved techniques for distinguishing explosions from earthquakes. The United Kingdom Government do not consider that the Soviets are likely to take exception to their embarking now on what is in essence basic research.

Accordingly the United Kingdom Government have approved the allocation of £350,000 for an immediate programme of seismic research. It will include chemical explosions but no nuclear explosions. As expenditure is involved, it is necessary to inform Parliament and I enclose the text of a written Parliamentary question and the draft of the answer which the

Minister of Education, representing the Minister of Science, will give in Parliament this week.[86]

Of the sum of £350,000, £300,000 is for work in the United Kingdom and £50,000 has been earmarked for preliminary consultation and collaboration with Canada and the United States in the event that agreement is reached at Geneva. No announcement on this latter point will of course be made.

The United Kingdom Government continue to work at Geneva for tripartite agreement on a scientific programme. The research now to be undertaken is not designed to replace that but to equip the United Kingdom Government to play their part when that programme has been agreed.

I enclose a spare copy of this letter, and I am sending two copies, with enclosure, to Mr. Norman Robertson.

R.W.D. FOWLER

7e PARTIE/PART 7

IMMIGRATION : ANTILLES
IMMIGRATION: THE WEST INDIES

448. DCI/Vol 124

Note du directeur de l'Immigration
pour le sous-ministre de la Citoyenneté et de l'Immigration

Memorandum from Director of Immigration
to Deputy Minister of Citizenship and Immigration

[Ottawa], May 19, 1960

INCREASE IN DOMESTIC SERVANT MOVEMENT FROM THE WEST INDIES

1. On file hereunder is a letter dated May 10, 1960, from the Minister of Labour and Social Affairs of The West Indies,† urging that Canada increase the movement of domestic servants from that country by 100, including 20 male workers.

2. The Immigration Regulations restrict the admission of immigrants from The West Indies to close relatives. Notwithstanding this, the authority of the Governor-in-Council is sought each year (since 1955) for the admission of a number of female domestic servants selected and trained in The West Indies. In 1960, 250 such workers are being accepted from The West Indies as well as 30 from British Guiana. Aside from such workers Order-in-Council authority is also sought from time to time for the admission of West Indians with special qualifications, very often persons who have studied in Canada.

3. The proposal by the West Indian Minister of Labour and Social Affairs now opens up the whole question of immigration from The West Indies as well as coloured immigration generally.

4. Canada has a real and continuing need for domestic servants and the admission of such workers from countries like The West Indies or Greece as is done presently does provide a

[86] Non reproduit; voir/Not reproduced; see United Kingdom, House of Commons, *Debates*, 1959-60, Vol. 627, col. 292.

short-term remedy to the problem. Once in Canada however, these girls, as soon as they are established, are free to apply for the admission of their relatives and fiancés. Girls chosen as domestic servants are either from the lower classes in their own countries, in which case the relatives they sponsor are likely to be unskilled workers, or if they are superior types they are unlikely to remain in domestic service for long.

5. We are in a most difficult position with respect to domestic servants. There is a well known shortage of such workers in Canada and it is most difficult to turn down requests such as that made by the Minister of Labour and Social Affairs of The West Indies for increased movements of these workers. At the same time the admission of such workers meets only a short-term need and may be creating future problems.

6. If it is intended to continue admitting a fairly large number of immigrants from The West Indies (the average in the past four years has been 1,000 to 1,200 annually) it would be preferable to select skilled workers and persons of superior qualifications rather than domestic servants. Although these countries do not say so surely there must be some resentment about the fact that the only people Canada seems to want from their country are female domestic servants. On the other hand if we are not prepared to continue this substantial movement from The West Indies, or to increase it, then we should try to explain our position to the Government of The West Indies in an honest straight-forward way.

7. This question involves policy at its highest level. Commonwealth relations are involved here more than strictly immigration considerations. I can only suggest, as a recommendation from this Branch, that no action be taken upon this matter until the Minister has had an opportunity to consider the papers on Immigration policy which were prepared by this Branch, and by the Director of Economic and Social Research of this Department. Once the Government has come to some conclusion on basic Immigration policy, including the racial question, it should be possible to reach decisions on specific Immigration movements.

8. I am attaching an interim reply for the Minister's signature to the Minister of Labour and Social Affairs for The West Indies.†

449.

DCI/Vol 146

La ministre de la Citoyenneté et de l'Immigration
au ministre du Travail et Affaires sociales des Antilles

Minister of Citizenship and Immigration
to Minister of Labour and Social Affairs of The West Indies

Ottawa, November 30, 1960

Dear Mrs. Allfrey:

As you will recall from my letter of September 15th,† I promised to write to you just as soon as we had completed our review of all proposed group and special movements to Canada for the year 1961. This has taken us somewhat longer than anticipated at that time, but the review has at last been completed, and I am now in a position to advise you with respect to possibilities for next year.

After a thorough review of our over-all immigration programme in the light of Canada's economic prospects for 1961, we have come to the conclusion that we would not be justified in increasing the quotas for any of our special group movements next year. This applies equally to movements from Europe, The West Indies and elsewhere. In actual fact, we have made slight reductions in a number of the group movements planned for European countries, including the movement of domestics as well as other occupational groups.

This arises from the fact that on the basis of our actual experience with these movements, we find that a relatively high percentage of those who come to Canada from overseas countries under the heading of domestics endeavour to move within a relatively short period of time from domestic employment into other occupational fields which are already in over-supply. We have as you know, no restrictions on the mobility of labour in Canada, and I do not believe that it is desirable that we should impose restrictions in this field. At the same time we have no alternative but to take into account this relatively rapid movement out of the field of domestic employment into other occupational fields, when we endeavour to assess our absorptive capacity for different kinds of immigrants from year to year.

You may be interested to know that earlier this year we completed a study of the employment turn-over among the girls who had come to Canada from The West Indies in 1958 and 1959. This survey showed that 60% of those who had come forward in the 1958 movement had moved out of their original employment, and that on the average the girls in this group had changed their employment on at least two occasions. The experience with the 1959 group was almost exactly the same, — and this was based, I should add, on a period of only 7 to 9 months after the arrival of the girls in Canada.

I should also mention that we have had some difficulty with girls coming forward as single girls and discovering later that they were married or had dependent children whom they had left behind at home. The most recent example of this which has come to my attention concerned a girl who had no less than five children, and who has had a sixth since arrival in Canada. I do not of course suggest that these cases are numerous or typical; quite the contrary. I mention them solely for the purpose of giving you a complete picture of the over-all situation as we see it at this end. It is on the basis of our consideration of all these factors that we have concluded that, in the present circumstances we would not be justified in making an exception of The West Indies and increasing the quota for the group movements coming forward from your Islands in 1961.

I fully realize that this decision will come as a disappointment to you and to Hon. Mr. Grant who discussed this problem with me when he was in Ottawa in early September. I wish to assure you that the decision has been reached, only after the most careful and sympathetic consideration of all the elements in the problem. The growth in numbers of the group movement from The West Indies has been quite significant and encouraging over the past few years. We would not for our part wish to discourage it or risk a set-back in future years. We must however, in our mutual interest, take account of economic and employment conditions as we find them in Canada, and as we foresee them for the year ahead.

Yours sincerely,

ELLEN L. FAIRCLOUGH

8e PARTIE/PART 8

AIDE
AID

SECTION A

POLITIQUE DU PLAN COLOMBO
COLOMBO PLAN POLICY

450. DEA/11038-6-C-40

Note du directeur, Contributions et programmes internationaux, ministère des Finances

Memorandum by Director, International Programmes and Contributions, Department of Finance

[Ottawa], February 19, 1960

ANALYSIS OF COLOMBO PLAN OBJECTIVES AND PROCEDURES FOLLOWING A TOUR OF SOUTH EAST ASIA

My main and abiding impression during the tour of Colombo Plan countries was one of large, growing and destitute populations living in complex and unrewarding environments with inadequate resources either of finance or trained personnel to provide the initiatives and continuing momentum for a move forward to a better life.

In this situation the need for outside assistance is clear, but even more evident for a country (offering assistance) of Canada's limited size and resources is the need for clear and well-defined objectives and effective, dynamic procedures if we are to avoid the danger of dispersal of our limited resources without significant impact.

My following observations are intended to offer a critical evaluation of our present objectives and procedures and to suggest the direction of future efforts to achieve more effective and lasting progress toward our goals.

General Objectives

It is not possible to offer a single and comprehensive definition of the objectives of the Colombo Plan. Each year the Consultative Committee devotes a large part of its time and effort to the description of the task ahead. This description is a reconciliation of many and often conflicting views, but it offers an illustration of the difficulties of explicit definition. The very breadth, complexity and general obscurity of aims in themselves are a measure of the elusiveness of agreed objectives. For this reason it is my impression that the framework in which Canada must proceed requires careful definition. The tendency which is all too prevalent of seeing the Colombo Plan as a comprehensive solution of all the problems of the Far East is an invitation to failure. Our primary aim should be to make a direct and tangible contribution in economic terms which will contribute to the development of conditions of stability and orderly growth in the backward countries and thereby create an environment in which the benefits permeate to the general population to the extent necessary to create a conviction that support for their own institutions will lead to their own betterment. Without identification of the interests of the individual with the national interest there will be no resistance to those influences which have led to xenophobia or support for Communism.

I choose this definition because only too often the Colombo Plan is not seem primarily as an instrument of economic progress but rather as a fundamental part of the cold war. I do not underestimate the high correlation between the two, but I consider it an obfuscation of our true objectives to attempt to evaluate individual programmes on the grounds that they provide an offset to other forms of aid provided by the Communists. As indicated above, it is the development of specific projects which contribute to growth and stability which is fundamental. There will always be questions of appropriate public relations, but these would be most successful if they record tangible contributions to prosperity and stability in the region.

If this is a valid starting point, I would offer the following specific comments on present Canadian procedures.

General

It seems clear that, despite early difficulties, many of our programmes are progressing favourably. It is the example of the successful programmes which should offer a suitable basis for future plans. The experience acquired in carrying out these programmes offers valuable criteria for future improvements.

Selection of Projects — Role of Recipient Governments and Field Missions

One of the main advantages of the procedures of the Colombo Plan (bilateral) programme is the latitude allowed for reaching agreement with recipient governments on programmes which meet their particular needs and are at the same time suited to the particular capabilities and interests of the donor. Unfortunately, however, the opportunity for flexibility in selection of programmes, unless subjected to effective disciplines, leaves considerable scope for judgments which may not lead to selection of sound and well-conceived projects. The choice of suitable projects is particularly difficult in the case of under-developed countries because the enormity [sic] of needs, the inadequacy of resources and the shortage of trained personnel necessarily require judgments which may be beyond the capacity of the local authorities. In discussing the question of development needs in India, Mr. Krishnamachi, the venerable head of the Indian Planning Commission, emphasized his belief that capital should be directed into projects which will have a lasting impact on the economic life of the country. At the same time he stressed the heavy pressures to which he was continually subjected for expenditures to meet current needs, particularly those to meet social objectives dear to the heart of the public (and therefore the politicians). In a frank discussion of the difficulty of conserving resources and directing them into long-term capital projects, he agreed that it would be helpful if our choice of aid gave maximum weight to economic criteria. With admirable candor he observed that "you are further from the political pressures than I am."

In Pakistan similar problems are present and are aggravated by the geographic separation of East and West Pakistan which gives rise to particularly sensitive problems in the allocation of resources between the two regions.

Under present procedures we rely on the countries concerned to evaluate their needs and submit requests. Although basic to this approach is the assumption that they are competent to make sound judgments, it must be accepted that the requests are not always well-conceived and that in many cases duplicating requests are sent to many aid-giving countries or agencies. Too often instead of comprehensive, balanced and integrated programmes we receive a series of small, unrelated requests. As a result we go through long and arduous procedures of considerable complexity and dubious effectiveness.

A prerequisite for the proper selection of projects is information which would allow:

(1) a separate and penetrating evaluation of their economic usefulness and priority;

(2) weight to be given to other factors which must be taken into consideration in determining the allocation of aid;

3) better co-ordination.

Our Missions should be able to be more helpful than they have in the past to elicit this information from the local governments to which they are accredited. It would also be helpful if they were in a position to offer at least preliminary views on projects which are clearly unacceptable and might therefore be discouraged.

Unfortunately, however, our Missions do not always contain specialists capable of making these judgments *ab initio* nor have they been given adequate guidance on our basic policies and the detailed information which is necessary for our purposes. They should be provided as soon as possible with a clear and comprehensive statement of the economic criteria as well as other information required before decisions can be reached on appropriate programmes.

When a programme is received in Ottawa it requires further scrutiny and preparation before it can be submitted for approval of Ministers.

Programme Evaluation in Ottawa

The first requirement in Ottawa is a clear and timely evaluation of the proposals received through our Missions from each government. Under present procedures programmes received are circulated immediately to the Departments of Trade and Commerce, Finance and External Affairs. An immediate economic evaluation of the programme in the terms outlined above should be prepared by the Economic and Technical Assistance Branch of the Department of Trade and Commerce as a basis for discussion with Finance and External Affairs. If the information received from the field is inadequate, supplementary information should be obtained immediately through our Mission. The objective should be the early presentation of agreed recommendations to the Interdepartmental Committee and then to Cabinet.

Execution of Projects

One of the generally accepted principles of the Colombo Plan is that Canadian aid should supplement local resources. In large projects this entails complex relationships which are covered by agreements between Canada and the requesting government. Such agreements should contain provisions regarding the respective responsibilities of both governments, including any local costs for which the requesting government will be responsible and the facilities and services it will provide.

In the Far East the absence of clear and definitive advance agreement on these matters invites serious dissension, particularly because the administrative processes of the recipient government are slow and indecisive and long distance consultation with Ottawa is time-consuming. The result is often unnecessary delay and difficulties on the project.

It is advisable, therefore, that as far as practicable comprehensive agreements on these matters should be negotiated and agreed with the recipient government before projects proceed. At Warsak, Shadiwal and Goalpara, Canadian supervisory personnel emphasized this point.

The far-flung activities of the Colombo Plan raise difficult problems of administration and follow-up on Canadian programmes, particularly in regions where Canada does not have diplomatic representation.

Need for Improvement in Current Procedures

It must be recognized that the urgency, gravity and complexity of the problems of development are increasing, necessitating revitalization and possible improvement of the machinery to deal with them. Some of the more obvious deficiencies of interdepartmental machinery in Ottawa might be partially met by strengthening present staff and improved

procedures as outlined in this memorandum. However, it seems apparent that more fundamental benefits might be available through broader utilization of existing international machinery. In the near future, we will be called upon to consider such machinery in connection with the proposed reorganization of the OEEC.

Possible New Procedure

Consideration might be given to the utilization of the Offices of the World Bank to perform services essential to the proper evaluation of programmes and possibly also to assist in the follow-through on these programmes.

The Bank might be asked to establish a panel of its own officers with specialized experience in development. This panel would be made available to help the underdeveloped countries on request for help in evaluation of their own requirements and to prepare appropriate programmes. The panel might also be authorized to offer advice on possible sources of assistance (either bilateral or multilateral) on the clear understanding that provision of advice involves no commitment on the part of the organization or government to provide such assistance.

The panel might equally be available to donor countries for assistance in evaluating the programmes submitted by under-developed countries.

S. POLLOCK

451. DEA/11038-6-C-40

Le sous-ministre adjoint du ministère des Finances au sous-secrétaire d'État aux Affaires extérieures

Assistant Deputy Minister, Department of Finance, to Under-Secretary of State for External Affairs

Ottawa, March 1, 1960

Attention: Mr. A.E. Ritchie

Dear Sir:

At the last meeting of the Interdepartmental Committee on External Aid we discussed the role which the International Bank for Reconstruction and Development could play in the operation of our aid programmes.

Attached is a paper prepared in this Department which develops this idea further and suggests that in the case of India the third five-year plan should be treated as the basic undertaking which needs to be financed.

I would appreciate having the opportunity of discussing the paper with you, possibly at the next meeting of the Interdepartmental Committee on External Aid which, I understand, will meet again within the next two or three weeks.

Yours sincerely,

A.F.W. PLUMPTRE

[PIÈCE JOINTE/ENCLOSURE]

Note du ministère des Finances

Memorandum by Department of Finance

[Ottawa], March 1, 1960

CANADIAN AID PROCEDURES

1. Most of the countries of South and Southeast Asia which we assist under the Colombo Plan have formulated their development programmes in terms of four, five and six-year plans. In many countries, these plans amount to little more than paper exercises and have only a slight chance of ever being realized. They do not provide a satisfactory starting point for planning aid programmes. In a few countries, however, the plans are carefully thought out, they bear a reasonable relationship to the available resources and are a true reflection of the will and determination of the countries concerned to advance economically. They offer a useful framework within which aid programmes can be developed.

2. India is perhaps the outstanding example of a country whose development plans are thoughtfully and realistically prepared. Thus, in considering future aid to India, we could and should take the third five-year plan as our starting point and treat it as the basic undertaking which needs to be financed. Then, instead of inviting the Indians to submit each year projects for our consideration, we would ask their permission to seek guidance from the International Bank on those parts of the third five-year plan which we might help to finance. We would indicate to the Bank the possible order of magnitude of our aid over the five-year period and explain to it the nature and extent of our industrial and technical capacities. The Bank, in close consultation with us, would then come up with a number of projects which we and the Indians would consider with a view to reaching agreement on a Canadian programme. The programme would be phased over the period of the plan and should be flexible enough to allow it to be adjusted to any revisions made in the plan.

3. The Bank would act in a consultative capacity. Subject to any agreements which we might have reached with the Indians, we would retain control over the selection of projects and their execution, and carry out any detailed studies which were required before the final selection of projects could be made.

4. This procedure offers several advantages. We would benefit by making use of the knowledge and experience of the Bank. The Bank has sent a number of missions to India and has always kept in close contact with the progress made in that country as well as with the problems which have arisen there. Our programme would thus become more effective. It would be more fully integrated with India's own development programme and be directed into those sectors of the economy which would benefit most from Canadian assistance. Furthermore, the over-all programme could be planned in advance and the delays involved in working out in detail each year a programme would be eliminated or at least reduced. Consequently, more resources would be available for the administration of the programme and more attention could be given to such matters as preparing agreements on particular projects.

5. The procedure outlined above would be consistent with the positive policy of the Canadian Government towards the Commonwealth. India is the largest and most important of the less-developed countries of the Commonwealth. It will launch its third five-year plan in April 1961. The plan will be bigger than the second one. Its success or failure may be vital to the future of democracy and freedom in India. It would be evidence of Canada's continued interest in the Commonwealth if, at the beginning of India's third plan, Canada would announce its intention

of giving substantial and continuing support to the plan and its desire to consult with India and the World Bank for the purpose of making that support as effective as possible.

6. If the procedure outlined above is generally acceptable, it would be necessary to work it out in detail with the Bank and the Indians. No attempt to do so has been made here. The procedure could not be applied to all the countries receiving aid from Canada under the Colombo Plan and more specially to those where planning is weak or to which we give only small amounts of aid. It should apply in the first instance to India, and if it proved successful could, at a later date, be extended to Pakistan and possibly to Ceylon and Malaya.

452. DEA/11038-6-C-40

Note de la 2e Direction économique
pour le sous-secrétaire d'État adjoint aux Affaires extérieures

Memorandum from Economic (II) Division
to Assistant Under-Secretary of State for External Affairs

RESTRICTED [Ottawa], April 13, 1960

ADMINISTRATION OF THE COLOMBO PLAN

In the following paragraphs I have described briefly a number of the difficulties and mistakes which have occurred over the past two years and which, with more effective machinery and better qualified personnel, could probably have been avoided.

1. SUKKUR PROJECT IN PAKISTAN

2. During Mr. Fleming's visit to Pakistan in October, 1958, the Government of Pakistan submitted to him a number of requests for Canadian Capital Aid under the Colombo Plan. Among these proposed projects was a request to finance the construction of a Thermal Power Station at Sukkur in West Pakistan. In the following months officials of the Departments concerned examined the proposal in some detail and decided that it might be a project which Canada could properly finance under the Colombo Plan. In these circumstances it was recommended to Ministers that the sum of $3,629,000 which was not allocated in the 1958-59 programme should be set aside for allocation to the Sukkur Project, (and one other small project) provided that the economic and engineering studies indicated that it was feasible, and that it could be appropriate for Canadian financing. On June 4, 1959 Cabinet approved this recommendation.

3. The preliminary engineering Report on this project was received in March, 1960 and the final report is promised for April 1960.

4. It will be clear from the foregoing that it has taken a year and a half from the time this request was received until the feasibility report is likely to be completed. On a number of occasions our mission in Karachi informed us that our delay in deciding whether or not Canada might finance this project was causing a considerable amount of embarrassment, and it expressed the hope that we could get ahead with the survey as quickly as possible. The delay has been excessively long and in the event Canada decides to undertake the Sukkur Project it is probable that another half year will elapse which means it has taken Canada two years to make up its mind and commence work on it.

2. PROVISION OF STEEL

5. In their submission to Mr. Fleming the Pakistan Authorities also asked Canada to provide substantial quantities of commodities. Accordingly as part of the 1958-59 Capital Aid

Programme for Pakistan Cabinet on June 4, 1959, approved an allocation of $2.8 million for the provision of metals including $400,000 worth of steel. Late in July or early August it was learned that no financial encumbrance had been raised to provide for the purchase of these metals and by this time the steel strike in the United States had virtually dried up the flow of steel, thereby, effectively precluding the shipment of this steel to Pakistan. In October 1959 the Pakistan Government was informed that there would be a considerable delay in fulfilling this commitment: they decided, however, to wait until they could receive the steel rather than switch their allocation to some other commodity. We were informed this morning that the steel companies in Canada could not provide the steel until October at the earliest.

6. Since these industrial metals, including the steel, were requested in the list of commodities which were subjected to Mr. Fleming in his visit to Karachi in 1958 it will be clear that approximately two years will have elapsed before the steel will be shipped from Canada.

7. *Colombo Plan Accounts*. It is impossible to know where to start in describing the difficulties which have arisen in attempting to obtain a clear accounting of the funds which have been voted by Parliament for the Colombo Plan Programme. Two glaring examples may be sufficient to illustrate the point. In the statistical report which the Director of the Economic and Technical Assistance Branch submitted to the Standing Committee on External Affairs in 1959 there was, I recall, about 18 or 20 mistakes in the submission recently made to the Standing Committee by our Minister. This margin of error was reduced to two or three mistakes largely due to the examination which officials of this Department and the Department of Finance carried out on the report before it was printed.

8. The second example is one which remains a mystery although it appears to have solved itself over the years. Briefly the facts are this:

9. In late 1957 Cabinet instructed officials to arrange for shipment of additional wheat and flour to Colombo Plan countries. Accordingly a grant of 5 million dollars was offered to and accepted by India. This allocation was over and above the $17 million slice which had already been set aside for India out of the 35 million dollar vote and accordingly was to be a first charge on the 1958-59 allocation to India. In the course of allocation the 35 million dollar annual Colombo Plan appropriation for 1958-59 officials forgot about this $5 million allocation which should have been deducted from India's share and accordingly proceeded on the assumption that India would receive its full share of the total vote. Subsequently when this error came to light the $5 million over allocation was made up by some strange and unusual adjustment of which the large part was the accumulation of unexpended funds from projects in all Colombo Plan countries which had been completed and from the Technical Assistance Fund. In a sense, I think it may be argued that the error of forgetting this $5 million allocation was counter-balanced by sloppy administration which had allowed such a substantial amount of funds to accumulate.

4. DELAYS IN THE FORMULATION OF CAPITAL AID PROGRAMMES

10. As you are aware we are now in the fiscal year 1960-61 and we now have unallocated funds remaining from the fiscal years 1958-59 and 1959-60. There has, I think, been a general agreement that Capital Aid Programme have been slow and awkward. As one glaring symptom of this aspect of our Colombo Plan Operations you will recall that I drew to your attention the statement in the Auditor General's report to Parliament for 1958 and for 1959 which showed that in the past four years the following funds remained in the Colombo Plan account at the end of each fiscal year.

March 31, 1956 -	52.5 million dollars
1957 -	66.0 million dollars
1958 -	6.4 million dollars
1959 -	60.0 million dollars.

The corresponding figure for 1959-60 is not yet available but at December 31st, 1959 the sum of 72.5 million dollars remained unallocated or unexpended. A substantial amount of this total will have been expended over the past two or three months or will be spent in the course of the next few months if Cabinet approves the current Capital Aid Programme for Pakistan. While these expenditures may run that total down to about 55 or 60 million dollars we will now have a further 50 million for the current fiscal year bringing the total in the Colombo Plan fund to a total of 100 million dollars. Since the total amount of funds made available for the Canadian Colombo Plan Programme since 1950 amounts to $330,000,000 over eleven years it seems to me that having nearly a third still in the pipeline can only indicate that we are considerably behind in our planning and programming.

5. WARSAK

11. In a sense the way Canada has participated in the Warsak project is unique in that a Canadian rather than a local construction firm has been engaged to build the dam. In these circumstances we have been operating in a relatively unexplored field and many of the difficulties that have arisen probably could not, therefore, be anticipated. At the same time we, and the Department of Finance are, I think, in agreement that there are some fairly important aspects of the implementation of the project and in particular of the arrangements which we are now making to complete the project which have been very untidy and difficult, and which with more adequate, experienced personnel could quite clearly have been avoided. I am referring, especially to the present agreement under which Canada is transferring to the Pakistan authorities, all of the construction equipment and colony etc. at Warsak and secondly the Knock-for-Knock Agreement. These problems are too complex to describe here.

6. CONTROL OF EXPENDITURES

12. In the reply we prepared last week for the Minister in answer to a question by Mr. McGee concerning measures which the Canadian Government employed as a means of controlling expenditures of Canadian economic aid funds we gave a fairly elaborate account of how Departments exercised this supervision. In theory this statement was accurate and reasonably complete: in practical terms I think it would be difficult to defend many aspects of it. In general there are I suppose, few Colombo Plan projects which could be seriously criticized from the point of view of control of expenditures. This is probably as much a matter of good luck as good management. We are engaged now in aid programmes which dispose of about $70 million each year, and this clearly requires as good an administrative arrangement in Ottawa as we can get — together with competent experienced personnel in each of the Departments concerned with aid programmes.

D.R. TAYLOR

453. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 200-60 [Ottawa], June 23, 1960
CONFIDENTIAL

COLOMBO PLAN — PATTERN OF AID IN 1960-61

The purpose of this Memorandum is to obtain the guidance of Cabinet on the pattern of allocations from the $50 million which Parliament has been asked to vote for Canadian assistance under the Colombo Plan in 1960-61.

At its meeting of June 4, 1959 Cabinet approved the following pattern of allocations for 1959-60.

India	$25.0 million
Pakistan	15.0
Ceylon	2.0
Malaya	1.8
Non-Commonwealth countries	1.5
Technical Assistance	2.5
Unallocated	2.2
	$50.0 million

In accordance with subsequent decisions, the allocation to non-Commonwealth countries was subdivided as follows:

Mekong Aerial Survey			$650 thousand
Wheat and flour	Burma	$350 thousand	
	Indonesia	350 thousand	
	Vietnam	100 thousand	
	Cambodia	50 thousand	850 thousand
			$1,500 thousand.

From the unallocated balance of $2.2 million, a sum of $2 million was reserved for the Canadian contribution to the Indus Development Fund and another $50 thousand was allocated to Cambodia for flour.

India, Pakistan and Ceylon

There have been no recent developments which would appear to warrant a change in the pattern of aid to India, Pakistan and Ceylon this year. I do not therefore, propose any change in the allocation to these three countries in 1960-61.

Indus Development Fund

No payments to the Indus Development Fund have yet been called for but the agreement setting up the Fund is expected to be signed shortly and an initial instalment of the Canadian contribution will probably be required in 1960-61. I recommend that a further $2 million be allocated to this project in 1960-61 in order to build up the necessary reserve to meet subsequent instalments of the total Canadian contribution of $22.1 million.

Technical Assistance

It is estimated that the same amount as last year, i.e. $2.5 million, will be required in 1960-61 to meet requests from all Colombo Plan countries for technical assistance.

Malaya

The Canadian capital assistance programme for Malaya has been slow in developing and the Malayans have not yet been able to suggest suitable projects for more than a small part of the funds allocated to them. Of the total of $2.3 million allocated to Malaya in the past two years, projects so far approved will consume only $423 thousand. There are some promising projects under investigation in Malaya but there does not appear to be any possibility that expenditures in 1960-61 would be high enough to require an allocation as large as the $1.8 million allocated in 1959-60. In the light of these circumstances, I recommend an allocation of $1 million to Malaya in 1960-61.

Singapore

In the light of changes in its constitutional status, Singapore was admitted to full membership in the Colombo Plan in November 1959. No capital assistance was extended to Singapore in 1959-60, although Canada previously contributed $50,000 worth of equipment for a technical school. I recommend that funds be reserved for a small capital grant to Singapore in 1960-61, perhaps $100,000, subject to a suitable project being found.

Burma

In the past year Indonesia received Otter aircraft to the value of $400,000 out of funds voted in 1958-59 and from the same appropriation Burma was tentatively allocated $200,000 for survey and design work on the Thaketa Bridge at Rangoon. I would suggest that no capital projects be contemplated in Indonesia in 1960-61, but that some capital assistance be offered to Burma this year. The preliminary study by Canadian engineers of the Thakota Bridge indicates that this is a sound project. I recommend that $700,000 be allocated to Burma from 1960-61 Colombo Plan funds, which, with the previous allocation, will enable discussions to proceed with the Burmese on the possibility of Canada building the Thaketa Bridge.

While the main emphasis in Canadian Colombo Plan operations should continue to be placed on aid to the Asian members of the Commonwealth, there are also strong arguments in favour of extending some capital assistance in addition to foodstuffs to the non-Commonwealth countries in the area. The needs of such non-Commonwealth countries as Burma for development assistance are very great. These countries are more vulnerable because they do not have the support of the Commonwealth relationship and the Communist Bloc is only too eager to extend its influence in Burma and Indonesia through economic assistance. The Asian members of the Commonwealth tend to look at the economic development of the region as a whole and they welcome any assistance Canada can give to the non-Commonwealth countries. I suggest that one or two of the non-Commonwealth countries might be selected for modest capital grants of $500,000 to $750,000 each year.

Mekong Aerial Survey

The Mekong Aerial Survey was approved as a two-year project at a total cost of $1.3 million. In 1959-60 a sum of $650,000 was allocated to the survey and the aerial photography was largely completed. This will be finished and the maps produced in the course of the current fiscal year. A further allocation of $650,000 will be required in 1960-61.

Wheat and Flour

I assume that Cabinet would wish to dispose of approximately the same amount of wheat and flour as last year under the regular Colombo Plan vote, i.e. $12.5 million. I would recommend that out of this total, wheat and flour be offered to non-Commonwealth countries

to the value of $850,000, the same amount as last year, in addition to the capital grants for Burma and for the Mekong Survey mentioned above.

Summary of Recommendations:

I recommend:

(a) that the funds Parliament has been asked to vote for the Colombo Plan in 1960-61 be allocated as follows:

India	$25. million
Pakistan	15.
Ceylon	2.
Malaya	1.
Burma	0.700
Mekong Aerial Survey	0.650
Indus Development Fund	2.00
Wheat and flour for non-Commonwealth countries	0.850
Technical Assistance (all Colombo Plan countries)	2.50
Unallocated Reserve (including allowance for possible grant to Singapore)	0.300
	$50.00 million

(b) that officials be authorized to discuss with officials of the countries concerned the programmes to be carried out under these allocations, including the provision of Canadian commodities, equipment and services for economic development in the Colombo Plan area;

(c) that these discussions proceed on the basis that a total of $12.5 million worth of Canadian wheat and flour should be included in the assistance provided in 1960-61 to Colombo Plan countries.

HOWARD GREEN

454. J.G.D./VI/805/P152

Note du secrétaire du Cabinet pour le premier ministre

Memorandum from Secretary to Cabinet to Prime Minister

CONFIDENTIAL [Ottawa], July 8, 1960

CABINET ITEM 5 — COLOMBO PLAN PATTERN

I recall that last year you had some doubts whether we should have as much for Pakistan and for Ceylon as were included. These figures are now being repeated for this year in the recommendation of June 23rd.

Pakistan seems high to me at three-fifths of what India is getting though it has only perhaps one-quarter the population.

I took this up with the officials and they did not have any very satisfactory explanation to give me except that this is the result of rather long discussion and consideration. Pakistan has been getting a high share of our aid for some years and it may take affront at any significant reduction now. On the other hand, everyone seems to recognize that India is the most critical case and we are giving proportionately less to her.

I should also point out, however, that it is probably easier to get Pakistan to take wheat or flour from us this coming year than India and that is one of the objectives that the Government has in mind.

R.B. B[RYCE]

455. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], July 21, 1960

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Veterans Affairs (Mr. Brooks),
The Solicitor General and Acting Secretary of State (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill) (for morning meeting only),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness) (for morning meeting only),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker) (for morning meeting only),
The Associate Minister of National Defence (Mr. Sévigny).
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

. . .

COLOMBO PLAN; PATTERN OF AID IN 1960-61

20. *The Secretary of State for External Affairs* submitted a proposed pattern of allocations of the $50 million which Parliament had been requested to vote for Canadian assistance under the Colombo Plan in 1960-61. His recommendation involved allocations as follows:

India	$25.	million
Pakistan	15.	"
Ceylon	2.	"
Malaya	1.	"
Burma	0.7	"
Mekong Aerial Survey	0.650	"
Indus Development Fund	2.	"
Wheat and flour for non-Commonwealth countries	0.850	"
Technical Assistance (all Colombo Plan countries)	2.5	"
Unallocated Reserve (including allowance for possible grant to Singapore)	0.3	million
	$50.00	million

As before, discussions with countries concerned would be on the basis that a total of $12.5 million worth of wheat and flour would be included in the assistance provided.

An explanatory memorandum had been circulated, (Minister's memorandum, June 23 — Cab. Doc. 200-60).

21. *During the discussion* the following points emerged:

(a) Malaya's allocation was cut back from the previous year by $.8 million. This should not be done. Malaya was a bastion against Communism and her share, instead of being $1 million, should be $2 million.

(b) Pakistan's allocation of $15 million should not be cut either. Although Ceylon was becoming more and more unreliable, it would be inadvisable to reduce her share.

(c) Some said more than $12.5 should be allocated for purchases of wheat and flour. Others argued that this was sufficient and that to raise this amount would be unfair to other parts of the Canadian economy which should continue to have an opportunity to supply materials and equipment under the programme.

22. The Cabinet,

(a) approved the general outline of the allocation of the $50 million provided for the Colombo Plan in 1960-61 as recommended by the Secretary of State for External Affairs (Cab. Doc. 200-60, dated June 23rd, 1960), subject to his making the necessary adjustments to provide for an allocation of $2 million to Malaya;

(b) agreed that officials be authorized to discuss with officials of the countries concerned the programmes to be carried out under the allocations proposed, including the provision of Canadian commodities, equipment and services for economic development in the Colombo Plan area; and,

(c) agreed that these discussions proceed on the basis that a total of $12.5 million worth of Canadian wheat and flour should be included in the assistance provided in 1960-61 to Colombo Plan countries.

. . .

456. DEA/11038-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], September 7, 1960

PATTERN OF COLOMBO PLAN AID FOR 1960-61

At its meeting of July 21, 1960, Cabinet approved the general outline of the allocation of the $50 million provided for the Colombo Plan in 1960-61 as recommended in your Memorandum to Cabinet dated June 23, 1960, subject to necessary adjustments being made to provide an allocation of $2 million to Malaya instead of the $1 million originally recommended. The purpose of this Memorandum is to seek your approval of a suitable adjustment in the pattern of allocations which would conform with this Cabinet directive.

There are various ways in which allocations might be adjusted to increase the Malayan allocation by $1 million to a total of $2 million. We have carefully reviewed these possibilities and have concluded that for the reasons given the following would be unsatisfactory:

1) *Reduction of the Allocations for India, Pakistan and Ceylon*

You will recall that you specifically directed that the allocations for these countries should not be reduced;

2) *Elimination or Reduction of the Allocation for Burma*

There are two ways in which funds might be obtained from the Burma Programme. The first of these would be to cut out entirely the Burmese allocation. I do not think that any consideration should be given to this because of your instructions that at least some capital projects should be undertaken in Burma this year, and because the Burmese have for a number of years been given to understand that there was a prospect of some capital assistance and they would be seriously aggrieved if their hopes were dashed.

The second way would be to reduce the allocation for Burma, and in particular for the Thaketa Bridge Project, to less than $700,000. In my view it would be unwise to consider an allocation of less than that amount for the Thaketa Bridge under the 1960-61 Programme because any reduction would be likely to increase our difficulties in ensuring an adequate degree of control in the planning and execution of the project. I think that as a minimum our contribution should be sufficient to cover the foreign exchange cost of this project; on the basis of estimates provided by Canadian engineers, the proposed allocation of $700,000 under the current year's programme, together with unexpended balances which are available under the Burmese Programme, should be just adequate for this;

3) *Reduction of the Allocation for Technical Assistance*

Commitments have already been entered into for the training of students who will be arriving in Canada this fall and, for the most part, remaining for at least one academic year. We have also entered into a variety of commitments for the provision of experts. It is thus apparent that it would be very difficult to effect large savings in technical assistance expenditures during the present fiscal year. In any event I think it would be unwise to reduce the technical assistance programme significantly.

4) *Reduction of the Allocation for the Mekong Project*

The Mekong Project (an aerial survey project) will be completed during the present fiscal year and the entire balance of our financial commitment, amounting to the $650,000 allocation which was proposed under this year's programme, will be required. We are therefore, not in a position to reduce the allocation;

5. *Use of Unallocated Reserves*

It has been established that there is no substantial sum of money unallocated or uncommitted from previous programmes under the Colombo Plan. Your original recommendation to Cabinet proposed $300,000 as an unallocated reserve in this year's programme but you will recall that it was envisaged that $100,000 of this would be used to undertake a small capital project in Singapore. There is a strong political argument in favour of this proposal and I would be reluctant to see the allocation reduced, particularly since Singapore as a newly independent state, became a full member of the Colombo Plan only last year. In my view it would be unwise at this time to commit the remaining $200,000 in the unallocated reserve as it is important to have at lease some reserve in hand to provide a minimum of flexibility and to provide for unforeseen contingencies.

There remains a further way in which the required $1 million might be provided for the Malayan Programme — by reducing the $2 million allocation which was proposed for the Indus Development Fund under the 1960-61 Programme, to an amount of $1 million. In my view this would provide a satisfactory solution to the problem.

As you know Canada has undertaken to contribute a total of $22,100,000 over a ten year period to the Indus Waters settlement, but the contributions which we will be called upon to make during the early years of this period will be relatively small. In particular, the contribution which Canada will be expected to provide for the first year of the Agreement will be smaller than the $2 million which is already available for the Indus Scheme from funds set

aside under last year's Colombo Plan Programme. It is thus apparent that the reduction of the Indus allocation in this year's programme to $1 million will present no difficulty in fulfilling our commitments under the Indus Agreement in 1960-61, so long as it is clearly understood that the Canadian commitment to the Indus Development Fund is firm, and that the reduction will have to be offset by increasing next year's Indus allocation by the same amount. In other words next year's allocation for the Indus would have to be $3 million, rather than $2 million as was previously envisaged.

In this proposal were adopted the additional $1 million that would be required in 1961-62 for the Indus Waters Settlement could be made available as follows: our contribution to the Mekong Project will be completed this year and there will be no requirement for funds for it next year; this would make available $650,000 for allocation to the Indus next year; the remaining $350,000 could be obtained by reducing the capital allocation for non-Commonwealth countries from this year's level of $700,000 to $350,000.

These measures would enable us to provide for a $3 million allocation to the Indus Fund next year (that is fiscal year 1961-62) but we should still be short $1 million for next year's Colombo Plan Programme as a whole if the Malayan allocation were again set at $2 million. In these circumstances it would be necessary next year to consider some basic readjustment in the pattern of allocation; I think that at that time we will be in a better position to recommend just how the necessary readjustment might be made.

In view of these considerations, I recommend that the pattern of allocations under the 1960-61 Colombo Plan Programme should be as follows:

India	$25,000,000	
Pakistan	15,000,000	
Ceylon	2,000,000	
Burma	700,000	
Mekong Aerial Survey	650,000	
Wheat and Flour for non-Commonwealth countries	850,000	
Technical Assistance	2,500,000	
Unallocated Reserve (including Allowance for possible grant to Singapore)	300,000	
Malaya	$ 2,000,000	(Rather than $1,000,000 as was previously proposed to Cabinet.)
Indus Development Fund	1,000,000	(Rather than $2,000,000 as was previously proposed to Cabinet; but on the understanding that $3 million will be allocated to the Indus Fund under next year's programme)
	$50,000,000	

The views and recommendations set forth in this Memorandum have been approved by officials of the Department of Finance and the Economic and Technical Assistance Branch of the Department of Trade and Commerce. If they meet with your approval we will immediately inform the various recipient countries of allocations approved for the 1960-61 Colombo Plan Programme, and negotiations will be commenced as to the specific projects which will be undertaken.[87]

A.E. RITCHIE
for Under-Secretary of State
for External Affairs

457. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 327-60 [Ottawa], October 19, 1960
CONFIDENTIAL

COLOMBO PLAN: PROVISION OF WHEAT AND FLOUR
UNDER THE 1960-61 CAPITAL ASSISTANCE PROGRAMME

At its meeting of July 21, 1960 Cabinet approved a Memorandum on the pattern of aid for the 1960-61 Colombo Plan Programme, for which Parliament had appropriated $50 million. In addition to allocating specific sums to countries for capital aid, Cabinet decided that discussions with these countries should proceed on the basis that a total of $12.5 million worth of wheat and flour should be included in the assistance provided under the 1960-61 Colombo Plan programme.

2. In accordance with these Cabinet decisions, discussions are proceeding with recipient countries concerning the 1960/61 Colombo Plan programme. Appropriate recommendations will be submitted to Cabinet in due course concerning the non-wheat portion of the programme. With regard to the $12.5 million to be provided in the form of wheat or flour, the following amounts have been offered to recipient countries:

[87] Notes marginales :/Marginal notes:
OK. H.C. G[reen]
Proposed re-allocation of Colombo Plan funds for 60/61 & 61/62 approved by SSEA 14/9. R. C[ampbell]

Country	Total Capital Allocation	Wheat/Flour Element
India	$ 25,000,000	$ 7,000,000
Pakistan	15,000,000	3,650,000
Ceylon	2,000,000	1,000,000
Non-Commonwealth	2,200,000	850,000
		$ 12,500,000

A) Indonesia	$350,000
B) Burma	350,000
C) Vietnam	100,000
D) Cambodia	50,000

3. The Governments of India and Pakistan have accepted these offers of wheat and flour and it is expected that the Government of Ceylon will accept in the near future. It is also expected that the non-Commonwealth countries will accept a total of $850,000 worth of wheat and flour, although it may be necessary to alter the proposed distribution of that total among the non-Commonwealth countries in view of difficulties which some of these countries are encountering in utilizing wheat and flour.

4. It is considered that these shipments of wheat and flour should commence as soon as possible. In addition to the fact that some of the countries can use the foodstuffs immediately, grain shipments from the St. Lawrence are relatively slow at present and the rapid movement of Colombo Plan wheat would help to reduce grain stocks in St. Lawrence ports.

5. In view of the fact that Australia normally exports wheat and flour commercially to some of these countries the Australian authorities have been informed of these proposed wheat and flour grants. They have not expressed any objection to the grants.

6. Recommendations:

It is therefore recommended that, as a part of the 1960-61 Colombo Plan Assistance Programme:

1) Grants of wheat or flour in the amounts shown below be made to India and Pakistan and shipment of these foodstuffs begin as soon as possible:

India	$ 7,000,000
Pakistan	3,650,000

2) A grant of $1,000,000 worth of wheat or flour be approved for Ceylon and shipment commence as soon as possible after the offer has been accepted;

3) Grants of wheat or flour to a total value of $850,000 be approved for non-Commonwealth countries of the Colombo Plan, on the understanding that the exact distribution of that total among the non-Commonwealth countries will be decided by the Secretary of State for External Affairs, the Minister of Finance and the Minister of Trade and Commerce after further discussions with these countries and shipment will be made as soon as possible after the offers have been accepted;

4) These grants of wheat or flour be made on the understanding that the recipient countries will establish counterpart funds in local currencies equivalent to the value of the Canadian grant, and that these counterpart funds will be spent on approved economic development projects;

5) Public announcement of each of these wheat and flour grants be deferred until Cabinet has considered and approved the entire capital assistance programme for the country concerned.

H.C. GREEN

458. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], October 20, 1960

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Transport (Mr. Hees),
The Solicitor General and Acting Secretary of State (Mr. Balcer),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of Agriculture (Mr. Harkness),
The Minister of Fisheries (Mr. MacLean),
The Minister without Portfolio (Mr. Browne),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny),
The Secretary of State (Mr. Dorion),
The Minister of Northern Affairs and National Resources (Mr. Dinsdale),
The Minister without Portfolio (Mr. Halpenny).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Martin), (Dr. Hodgson).

. . .

COLOMBO PLAN; PROVISION OF WHEAT AND FLOUR
UNDER THE 1960-61 CAPITAL ASSISTANCE PROGRAMME
(Previous reference July 21)

23. *The Secretary of State for External Affairs* said that, in accordance with the Cabinet's previous decision on this subject, the following offers of wheat and flour had been made as part of the 1960-61 Colombo Plan programme.

Country	Total Capital Aid Allocation	Wheat or Flour Element
India	$ 25 million	$ 7 million
Pakistan	15 million	3.65 million
Ceylon	2 million	1.0 million
Non-Commonwealth	2.2 million	.85 million

India and Pakistan had accepted the offer and Ceylon probably would do so in the near future. Non-Commonwealth countries would probably accept the $850,000 worth of wheat and flour but the distribution might be altered from that proposed.

He considered that shipments should commence as soon as possible to enable the countries to use this food and to speed up shipments through the St. Lawrence ports. These were

relatively slow at present. Australia did not object to the grants. Accordingly he recommended that grants be made to the countries mentioned in the amounts proposed.

24. *During the discussion* it was suggested that at least some of this wheat and flour should be shipped from Vancouver. This was a more complicated matter than it first appeared because, in deciding on what ports were to be used, the effects on marketing at points on the prairies had to be kept in mind.

25. *The Cabinet* agreed with the recommendation of the Secretary of State for External Affairs that, as part of the 1960-61 Colombo Plan Assistance Programme:

(a) grants of wheat or flour to the values shown below be made to India and Pakistan and shipment of these begin as soon as possible:

India	$ 7,000,000
Pakistan	3,650,000

(b) a grant of $1,000,000 worth of wheat or flour be approved for Ceylon and shipment commence as soon as possible after the offer has been accepted;

(c) grants of wheat or flour to a total value of $850,000 be approved for non-Commonwealth countries of the Colombo Plan, on the understanding that the exact distribution of this total be decided by the Secretary of State for External Affairs, the Minister of Finance and the Minister of Agriculture after further discussions with these countries and that shipment be made as soon as possible after offers had been accepted;

(d) these grants of wheat or flour be made on the understanding that the recipient countries will establish counterpart funds in local currencies equivalent to the value of the Canadian grant, and that these counterpart funds will be spent on approved economic development projects;

(e) public announcement of each of these wheat and flour grants be deferred until Cabinet has considered and approved the entire capital assistance programme for the country concerned; and,

(f) the Ministers concerned decide whether it would be practical for some shipments to be made from West Coast ports as well as from St. Lawrence ports.[88]

. . .

[88] Aucun rapport n'a été trouvé sur la réunion du Comité consultatif du Plan Colombo de 1960 à Tokyo. Il semble que, pendant la période de transition qui a suivi la création du Bureau de l'aide extérieure (voir Chapitre XIII), de telles questions aient été temporairement négligées.
No reports on the 1960 Colombo Plan Consultative Committee meeting in Tokyo have been located. It appears that during the transition period following the creation of the External Aid Office (see Chapter XIII), such matters were temporarily neglected.

SECTION B

AIDE AUX PAYS DU COMMONWEALTH EN AFRIQUE
AID TO COMMONWEALTH COUNTRIES IN AFRICA

459. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], September 13, 1960

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General and Acting Secretary of State (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker).

The Secretary to Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

CANADIAN AID TO COMMONWEALTH COUNTRIES IN AFRICA

1. *The Secretary of State for External Affairs* outlined a proposed programme of aid for Commonwealth countries in Africa, in the form of direct aid on a bilateral basis and assistance through international organizations, would be of advantage to reach decisions now in advance of the meetings of the Commonwealth Economic Consultative Council and the United Nations General Assembly.

In keeping with the decision of the Commonwealth Prime Ministers meeting of May, 1960,[89] the C.E.C.C. would be examining next week the possibility of establishing a programme of aid for Commonwealth countries in Africa. The needs of both the new Commonwealth countries, and others, were so great and so pressing that they were bound to call forth action soon from one part of the world or another. If Canada could take the lead in proposing an effective programme at the forthcoming meeting, this country would be in a strong position to influence the form and magnitude of any programme that might emerge.

The fact that aid for Africa was discussed by Commonwealth Prime Ministers would have led new members to expect substantial assistance from their Commonwealth associates. These countries, and non-Commonwealth nations, will also expect increased aid from the U.N. Contributions to U.N. programmes could not, however, be earmarked for Commonwealth countries, although Commonwealth countries could expect to receive U.N. assistance, nor

[89] Voir les documents 360 et 367./See documents 360 and 367.

would such a method of giving aid accomplish what the Commonwealth Prime Ministers presumably intended when they asked for a study of co-operative action by the Commonwealth to assist Africa. A Commonwealth programme would also have more appeal in Canada.

A commitment to provide $5 million each year for the next three years would represent a reasonably effective Canadian programme. This amount would make it possible to continue and expand ordinary technical assistance, to help establish training institutions, to contribute to the improvement of communications facilities and perhaps conduct resource surveys and contribute to capital projects such as the Volta River project.[90] As a general rule, aid should be given to Commonwealth countries which have attained independence or were about to do so, although a certain amount in the field of education might be provided to dependent territories in Africa.

As regards aid through U.N. channels, it seemed likely that unless there was a general increase in contributions from donor countries, African demands would not be met. The most attractive channels were through the U.N. Special Fund, for which increased contributions from Canada had already been requested, and the U.N. Expanded Programme of Technical Assistance. Enlarged programmes in this direction would enable Canada to provide technical assistance for, and to receive trainees from French-speaking territories in Africa as well as from Commonwealth countries. Proposed expansion of certain other special U.N. programmes also deserved Canadian support.

He recommended that, at the Commonwealth Economic Consultative Council, the Canadian Delegation be authorized to state that Canada was prepared to participate in an economic assistance programme for the Commonwealth areas in Africa, and that $5 million for this purpose be provided in the fiscal year 1961-62 and each of the two succeeding years and that Canada's contribution to a number of the United Nations assistance programmes be increased.

An explanatory memorandum had been circulated, (Minister's memorandum, Sept. 12 — Cab. Doc. 287-60).†

2. *The Minister of Finance* elaborated on the recommendations which had been made and supported them. Proposing a programme of assistance for a three-year period would ensure that the programme got properly started and would enable demands for more aid to be resisted, at least for a time. The U.N. Special Fund was an especially useful vehicle for aid, because it was well run and winnowed out impractical and extravagant requests. It was true that there had been complaints in Canada over the magnitude of gifts abroad in comparison with what could be done at home, but it had to be remembered that the bulk of the funds appropriated was spent in Canada on grain, industrial raw materials, machinery, etc.

3. *During the discussion* the following points emerged:

(a) The new proposals would about double the amount of money provided for aid to Africa and for contributions to the U.N. programmes; from $5 to $10 million annually.

(b) Western farmers were severely criticising India's purchases of U.S. wheat and demanding that Canada have a larger share in this outlet. On this however it was noted that U.S. sales were largely a disguised gift. The Western farmer benefited more than any others in Canada from the Colombo Plan and other aid programmes.

(c) Some said that $5 million for Africa was too large. This figure had been proposed because it was felt that only by a contribution of this size could the intentions of the

[90] Voir la section suivante./See the following section.

Commonwealth Prime Ministers be adequately fulfilled. It would appear to be in line with Canada's general views of what should be done for Commonwealth countries in Africa.

(d) Several Ministers said that the increased aid for African Commonwealth countries could be accepted but that U.N. contributions should not be increased.

(e) On the other hand, increasing U.N. contributions now would turn aside pressure for additional claims in the U.N. forum.

(f) A U.N. assessment could be expected to help pay for U.N. operations in the Congo. At the moment, expenditures were up to $35 million and Canada's share would be of the order of $1.2 million so far.

(g) The three-year increase in the Colombo Plan was due to expire in 1961-62. If the Cabinet was disposed to reduce aid expenditures abroad, that would be the time to make adjustments, having in mind the new and growing claims of Africa and The West Indies.

(h) If the proposal were not accepted, the Commonwealth connection would be impaired. However, instead of $5 million for each of the three years, the figure might be $3 million or $3.5 million.

(i) The increase for the U.N. programmes should be reduced too.

4. *The Cabinet* agreed,

(a) that the Canadian delegation to the forthcoming meeting of the Commonwealth Economic Consultative Council be authorized to state,

(i) that Canada was prepared to participate in an economic assistance programme for the Commonwealth areas in Africa, especially for the emergent and newly-independent Commonwealth countries, if such a programme received support from other members of the Commonwealth;

(ii) that, subject to Parliamentary approval, the Canadian Government would be prepared to provide aid in the amount of $3 million for this purpose in the fiscal year 1961-62 and in each of the two succeeding fiscal years, in addition to the $0.5 million now being provided each year;

(iii) that in the administration of the programme advantage should be taken of the experience and facilities of existing international organizations, if in particular instances this were considered in Canada's interest;

(iv) that the Commonwealth Economic Consultative Council at subsequent meetings should review the African aid programmes of Commonwealth countries and the progress of economic development in Commonwealth countries in Africa;

(b)(i) that Canada's contributions to the United Nations Special Fund and to the United Nations Expanded Programme of Technical Assistance for the fiscal year 1961-62 be $2 million each, subject to the addition of $0.5 million allocated to one or the other, or divided between them, however, the Secretary of State for External Affairs and the Minister of Finance may decide;

(ii) that Canada be ready to support a reasonable increase in the United Nations Regular Programmes for Technical Assistance, which are financed by budgetary assessments by the United Nations General Assembly, involving an increase of the order of $150,000 in Canada's assessment;

(c) that Canada plan to provide $120,000 in the fiscal year 1961-62 to continue technical assistance to Commonwealth countries outside the scope of other Canadian aid programmes, for example, British Guiana and British Honduras; the assistance financed from these funds to be given in selected fields, with the emphasis on education.

. . .

460. DEA/8490-B-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 2915 London, September 22, 1960
CONFIDENTIAL. OPIMMEDIATE.
Reference: Your Tel EA-942 Sep 19.†
Repeat Permis New York (OpImmediate) (Information).

IECC AID TO AFRICA

The Council approved recommendations by senior Commonwealth officials on aid to Africa. The programme is to be known as the Special Commonwealth African Assistance Programme (SCAAP).

2. All countries supported the establishment of a Commonwealth programme. However, no repeat no country other than Canada made a specific commitment with regard to the amount of aid which it would be prepared to provide. NZ indicated that it would be reasonable to expect a contribution from that country of perhaps as much as £100,000. Australians said that in view of their efforts under Colombo Plan the main limitation on the amount of aid which they could provide was physical rather than financial. They would make every effort to provide as much technical assistance as possible under the programme. UK is already providing a substantial amount of both technical and capital assistance to Africa and did not repeat not announce any increase. South Africa said that it would continue to provide and if possible increase its assistance to Commonwealth countries in Africa through existing international organizations and in particular through FAMA. Asian members emphasized, of course, the heavy demands placed upon their resources by their own economic development needs, but all indicated that they expected to be able to provide a limited amount of technical assistance to Africa in certain fields in which they have acquired special skills.

3. Text of Mr. Fleming's statement on this item will be available in Ottawa tomorrow. More important passages are as follows:

4. "I come specifically to the proposals made to us by the officials … I am authorized by Canadian government to say that Canada is prepared to participate in an economic assistance programme for Commonwealth areas in Africa, especially in the emergent and newly independent Commonwealth countries, if such a programme receives support from other members of the Commonwealth as I take it other countries are doing this afternoon at this meeting. In the administration of the programme advantage should be taken of the facilities of existing international organizations if this were considered to be to the advantage of the programme. CEEC should at subsequent meetings review the programmes of economic aid to Africa …

5. Referring specifically to the recommendations which officials have made, we are prepared to endorse them. We think that there was great value in a Commonwealth initiative in this field. We do not repeat not want to see the establishment of elaborate machinery and believe that it would be wrong to set up a central organization for this purpose. CECC could provide the most useful forum for an annual review. The fact that initiative comes from Commonwealth will be of assistance in assuring public support for the programme …

6. Subject to approval of Canadian parliament, Canadian Government is prepared to commit to such a programme a sum of $10½ million over the next three years. In committing ourselves

to a three year programme, we are thus following the precedent established at Commonwealth Economic and Trade Conference in Montreal in connection with Colombo Plan. The $10½ million will be appropriated at the rate of $3½ million per annum beginning in the next fiscal year. In addition, we will not repeat not only maintain the aid which we are giving at the present time to UN special fund which has been $2 million per year and to UN Technical Assistance Programme which has also been $2 million, but will make a modest increase in our contributions to these programmes. Thus there will be no repeat no diminution of our assistance to African countries through these organizations as a result of the particular commitment which we are undertaking in relation to Commonwealth …

7. The kind of assistance that will probably be most effective in a Commonwealth programme will be technical assistance and educational assistance in both the independent countries of Africa and the emerging countries, but it is not repeat not our intention to exclude suitable types of capital assistance, and the programme would almost certainly include the provision of equipment for schools and universities."

SECTION C

AIDE AU GHANA
AID TO GHANA

461. J.G.D./VI/802/G411

Le président du Ghana
au premier ministre

President of Ghana
to Prime Minister

Accra, August 25, 1960

My dear Prime Minister,

Since writing to you on the 26th July, 1960, about the Volta River Project, meetings have been held in Washington and the delegation which I sent under the leadership of my Minister of Finance, The Honourable K.A. Gbedemah, has now returned and reported to me the results of the discussions which were held there.

I am happy to inform you that the International Bank for Reconstruction and Development, the United States Government and the United Kingdom Government have agreed to participate in the Volta Project to an extent to make the Project possible just as soon as we can finalise the terms of the agreement with the Volta Aluminum Company on the purchase of power and the establishment of the smelter; we are satisfied that the other criteria which the I.B.R.D. has mentioned can be met.

In my last letter I referred to the very great contribution towards the Project which Ghana itself will have to make. It would be of the greatest possible assistance if this burden could be eased.

In view of the close and continuing interest which Canada has taken in this great project, I wonder if your Government might now wish to participate in it. If your Government is interested in helping us, I would like to suggest that discussions regarding this possibility could conveniently be held when the Commonwealth Ministers of Finance meet in London about the 20th September, and later, when our respective Ministers of Finance will be in Washington for the I.B.R.D. meeting at the end of that month.

If you agree with this suggestion, you may wish to arrange for your Minister of Finance, The Honourable Donald Fleming, to be in a position to indicate your Government's views on the possibility of Canadian assistance towards the realisation of this Project which, as you know, I regard as being of the greatest importance for Ghana's future.

With kindest regards,

Yours very sincerely,
KWAME NKRUMAH

462. DEA/14020-G-6-4-40

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Secretary of State for External Affairs to Prime Minister

The Volta River Project has now been carefully and fully investigated by the International Bank, which has organized a consortium of donors to undertake it. Contributions to the public (power-production) phase of the Project, the cost of which is estimated at some $168 million, are reported to be:

Ghana	$84 million	(50%)
IBRD	40	(24%)
U.S.A.	30	(18%)
U.K.	14	(8%)
	$168 million	(100%)

The IBRD has intimated informally and tentatively that a Canadian contribution of $5 million spread over the next five years would be welcome. This would be about 3% of the total project cost. Dr. Nkrumah's letter to you of August 25 seems to imply that a Canadian contribution might enable the contribution which Ghana itself is making to be correspondingly reduced.

The International Bank is undertaking general managerial responsibility for the Project. Potential participants may therefore be satisfied that the Project will be efficiently carried out, and that it will in fact contribute to the economic development of Ghana. In purely economic terms it seems unlikely that this contribution will justify the enthusiasm with which the President of Ghana has pressed forward with the Project. But provided that certain conditions imposed by the IBRD are observed by Ghana, there is every reason to believe that the returns from the Project will justify the expenditure. These conditions are intended to ensure that Ghanaian development as a whole is not unbalanced by concentration of the Volta Project and that Ghana's budgetary position is protected.

The heavy burden which Ghana will have to carry in order to meet its commitment to the Volta Project has undoubtedly contributed to Dr. Nkrumah's anxiety to obtain a Canadian contribution. He may also wish to have the participation of a disinterested country like Canada in order to reduce the risk that he will be accused of tying his country too closely to the United States and United Kingdom. He has consistently identified the future of Ghana with the successful completion of the Volta Project.

The Volta Project has been shown to be economically sound for Ghana and technically feasible. Canadian participation contribution would be well spent. It would also be attractive for political reasons, since Dr. Nkrumah attaches overriding importance to the Volta Project and regards it as basic to his country's development. He seems, in fact, to have come to associate the Project with what he conceives to be Ghana's leading role in Africa. Since Ghana will for some time continue to be one of the leading Commonwealth countries in Africa, and

appears to favour close relations with Canada, it would clearly be in Canada's interest to take part in the Project if that were possible. In negative terms it is possible that if no Canadian contribution were forthcoming Dr. Nkrumah might react unfavourably toward Canada.

There might also be some commercial advantage in Canadian participation. Aluminum Ltd., a Canadian company, holds rights to large bauxite deposits in Ghana, which will probably provide raw material for the aluminum smelter which is to be the main consumer of power from the Volta Project. Aluminum Ltd. originated the idea of the Project, and remains a member of the consortium of aluminum companies which plans to build the smelter. It is conceivable furthermore that an arrangement could be reached with the IBRD whereby an amount equivalent to any Canadian contribution to the Project would be spent on Canadian goods and services.

Against these favourable considerations must be set the likelihood that, as only 3% of the total cost, Canada's contribution would be submerged and Canada would receive little direct credit for its part. It is not certain that the IBRD would agree to a contribution tied to Canadian goods and services. It is improbable that Canadian firms would be able to obtain any significant part of the work on the Project under the IBRD's normal system of international tenders, since Canadian firms would be late on the scene, where United States and United Kingdom firms have been involved in the planning from the beginning.

On balance the disadvantages mentioned, which might be overcome, are in my view outweighed by the advantages of Canadian participation. However, I doubt the wisdom of participation if it must be financed from the aid programme for Commonwealth countries in Africa which was approved by Cabinet on September 13. This would involve earmarking $5 million for a single project in one country from funds which will not exceed $10.5 million over the next three years. The size of this contribution seems out of proportion to the size of the programme as a whole. Canada's ability to make an effective contribution to economic development in other and larger Commonwealth countries with the funds remaining would be limited, and Canadian participation in the Volta Project would probably stimulate requests from other countries for contributions to large projects in which they were interested.

These considerations require careful examination, and I think that the outcome of Mr. Fleming's discussions in London with the Ghanaian Minister of Finance should be taken into account before a final decision is reached. I therefore suggest that a reply to President Nkrumah's letter of August 25 might be deferred until Mr. Fleming returns to Ottawa.

H.C. G[REEN]

463. J.G.D./VI/802/G411

Le ministre des Finances
au premier ministre

Minister of Finance
to Prime Minister

PRIVATE AND CONFIDENTIAL Ottawa, October 12, 1960

My dear Prime Minister:

I wrote to you on September 14th in reply to your memorandum dated September 10th, concerning the request you received from President Nkrumah of Ghana for assistance from Canada in connection with the Volta River project.

I saw Mr. Gbedemah, Minister of Finance of Ghana both at the meeting of the Commonwealth Economic Consultative Council in London on September 20th and 21st and at

the annual meeting of the Governors of the International Bank and International Monetary Fund at Washington during the following week. On neither occasion, however, did we have an opportunity of discussing this subject adequately.

However, during the course of my brief visit to Ghana last week, I made a point of visiting the site of the proposed dam project on the Volta River. It is located about sixty miles from the city of Accra. I also had an opportunity of discussing it with engineers on the site and with the officials of the Government of Ghana.

The whole undertaking is undoubtedly impressive. The planning has advanced to the point where tenders will be called early in 1961. The construction will probably occupy about five years. The purpose is to construct a gigantic dam between the high banks of the river, and to create a very large lake above it as a huge reservoir. This operation will involve the flooding of a considerable area and the removal of some sixty thousand persons from this area and the provision of new homes for them.

The power potential of the dam is so great that it will undoubtedly exceed the economic absorptive capacity of the country for some years to come. Even with the construction of very costly transmission lines, the power potential cannot be absorbed until the country undertakes a very considerable measure of industrialization. An essential feature of the project, therefore, is the construction at Tami, which is on the ocean about fifty miles south of the dam, of an aluminum refinery which will require very large amounts of power.

Several aluminum companies in different parts of the world, including the Aluminum Company of Canada, have been interested in the formation of a consortium for the purpose of undertaking this smelting development. The officials of the Ghanaian Government with whom I discussed the matter informed me that it has been indicated to them that the Canadian company is withdrawing from the consortium. I have not yet obtained confirmation of this statement.

The financing of this huge project has been under study for the past several years. It has been estimated that the cost of constructing the dam, generators, transmission line and railway will total $168 million. The cost of the smelter, to be built by private enterprise, is estimated at $210 million.

Application was made to the International Bank for a loan toward the cost of construction of the public portion. The International Bank made, as is its custom, a very thorough study of the entire project to determine its feasibility both from the point of engineering and economics. The length of time which they occupied in this study made the Government of Ghana somewhat impatient, and, in my discussions with Ministers of the Government of Ghana, no little irritation and impatience with the International Bank for its handling of the studies were apparent.

I took advantage of the opportunity to point out to these Ministers that the International Bank operates on commercial principles and is not an aid institution. I do not think the Bank is to be criticized for the thoroughness of the study it has conducted of the project. In the end the Bank has pronounced the project feasible and has offered to lend $40 million or 24 per cent. The Governments of the United Kingdom and the United States, no doubt relying on the studies made by the International Bank, have also offered to make loans. The arrangements for financing the construction of the dam have been arrived at tentatively as follows:

Public Phase – Dam, Generators, Transmission Line, Railway

Financing:	Ghana	£ 30.0 m.	($ 84.0 m.	- 50%)
	I.B.R.D.	14.3	(40.0	- 24%)
	U. S.	10.7	(30.0	- 17%)
	U. K.	5.0	(14.0	- 9%)
		£ 60.0 m.	($168.0 m.	- 100%)

The International Bank is asking for payment of six per cent interest per annum on its loan. As the loan will be of a long-term nature, the Government of Ghana is quite concerned at this high rate. I pointed out to the Ministers with whom I discussed the subject, however, that interest rates throughout the world have been very high for the past year and this is the rate at which the Bank has been currently lending. If the Government of Ghana chooses to wait to commence the project, there is the possibility they might reap a benefit in the form of a lower rate of interest as rates in general tend to recede. Always in the background is the Russian Government and suggestions that they might be willing to lend the money at a lower rate of interest. It was difficult for me to determine how seriously these allegations of possible Russian aid should be taken.

It is against this background that the Government of Ghana requests Canadian aid. Presumably whatever aid Canada might choose to extend must be found out of the sum of $3½ million per annum for the next three years which we have announced as our intended contribution to Commonwealth countries in Africa under the new Special Commonwealth Aid for Africa Plan. It is too early yet to determine what is likely to be Ghana's share. Anything that we might do, therefore, is not likely to be a very significant portion of the total of $84 million which remains to be financed by Ghana out of the total cost of the project. The Government of Ghana has adequate securities and exchange reserves itself to pay this sum, but naturally wishes to conserve these assets.

It soon appeared to me, therefore, in the course of my discussions that any contribution from Canada would actually be a relatively small drop in a very large bucket, too small, indeed, to achieve our purposes in providing aid to Commonwealth countries in Africa. On the other hand, the need of Ghana for technical assistance and educational assistance is still very considerable, and it appears to me that Canadian aid in these fields would be effective and could be made to be much more significant in achieving Canada's purposes. I would favour some project which would be entirely and uniquely Canada's, rather than a contribution by Canada of a very small fraction of the cost of the mammoth Volta project.

I realize that we must have regard to the wishes of the Government of Ghana in directing our aid to specific ends or projects, but I gave no serious encouragement to the Ministers and officials of the Ghanaian Government with whom I discussed the question that Canada would contribute to the Volta project. On the other hand, I did indicate our interest in extending technical aid and educational assistance. The provision of a technical school, which would bear the name of Canada, appeals to me as the sort of project that would be much more suitable for our purposes than a contribution to the financing of the Volta project.

Yours sincerely,

DONALD M. FLEMING

464. J.G.D./VI/802/G411

Le premier ministre
au président du Ghana

Prime Minister
to President of Ghana

Ottawa, November 16, 1960

My dear Mr. President:

I wish to thank you for your letter of August 25th. I have delayed replying to it until the Minister of Finance, Mr. Fleming, had returned from the meetings with his Commonwealth colleagues in London and also from his recent visit to your country.

I was interested to learn from your letter that after long and careful preparation on your part the Volta River project is now nearing the stage when actual construction may begin. I have had a first hand report on this project from Mr. Fleming and I realize how important it is to the further growth and development of Ghana.

I know you will understand that it has been necessary for us to relate your enquiry about possible Canadian participation in the Volta River project, to the general problem of how Canada can best utilize its resources in assisting fellow Commonwealth countries and territories in Africa. On the basis of this examination and in the light of our experience of these matters, we have come to the conclusion that, apart from what we are doing through international agencies, we should continue to put the emphasis on technical aid and educational assistance as the most valuable contribution which we can make at this time in Africa. In this connection you will be aware of the fact that Canada is itself a large importer of capital. For these reasons, I regret to say that it will not be possible for the Canadian Government to participate, through the provision of capital assistance, in the Volta River project. My hope is, however, that we shall be able increasingly to make a useful and effective contribution to Ghana's development in the fields of technical and educational assistance. I trust that you will appreciate our belief that it is in these fields that Ghana and Canada should seek to develop and extend their cooperation.

I am,

Yours sincerely,
JOHN G. DIEFENBAKER

465. J.G.D./VI/802/G411

Le président de Ghana
au premier ministre

President of Ghana
to Prime Minister

Accra, December 14, 1960

My dear Prime Minister,

I thank you for your letter of the 16th November and wish to say that I quite understand your reasons for being unable to participate, through the provision of capital assistance, in the Volta River Project.

I am grateful for your offer to contribute towards Ghana's development in the fields of technical and educational assistance and, in these respects, the most effective, immediate aid you could offer would be the provision of French speaking instructors and medical officers for our Armed Forces.

As you are aware, we are making, proportionately to our strength, a very large contribution towards the United Nations Forces in the Congo. One of the factors which makes liaison with the Congolese difficult is the inability of the majority of our officers serving with the United Nations to speak French.

I am most anxious, therefore, that our officers and the cadets at our Military Academy should learn this language and it is by the provision of French speaking officer instructors that this aim would most readily be achieved.

Initially our requirements would be, in so far as French speaking instructors are concerned, one Education Corps instructor who, in addition to teaching French to the cadets in our Military Academy, could instruct in the "Arts" generally (i.e. history, geography, etc.) and for one or two officers to instruct our officers in the French language. Our requirement in respect of medical officers would be small but any assistance you could give would be of tremendous value.

It is also our intention to double the size of our Military Academy within the next two years, and I should very much like to call for French speaking Canadian officers to provide the additional instructors.

An immediate contribution of this nature would be most useful and, in the future, I look forward to the time when co-operation between our two countries in the fields of technical and educational assistance is extended to cover the full range of our activities.

If you agree to examine these proposals, I should be grateful for an early visit by a senior officer of your Armed Services.

Yours sincerely,

KWAME NKRUMAH

CHAPITRE V/CHAPTER V
EUROPE DE L'OUEST
WESTERN EUROPE

PREMIÈRE PARTIE/PART 1
COMMERCE EUROPÉEN
EUROPEAN TRADE

466. DEA/12447-40

Note pour les ministres

Memorandum for Ministers

CONFIDENTIAL Ottawa, January 5, 1960

The meetings in Washington will begin at 11.30 a.m. on January 6 in the State Department. The following will be in attendance on the United States side:

Mr. Dillon, who is Acting Secretary of State in Mr. Herter's absence

Mr. Anderson, Secretary of the Treasury

Mr. Upton, Under-Secretary of the Treasury

Mr. Tuthill, Director of European Regional Affairs, Department of State

Mr. Leddy, Special Assistant to Mr. Dillon

Mr. Armstrong, Economic Counsellor, United States Embassy, Ottawa.

Mr. Anderson will attend for the first part of the morning meeting. At the end of the morning meeting there will be a luncheon offered by Mr. Dillon, which Mr. Anderson will not be able to attend. He has, however, indicated that he would like to receive Mr. Fleming between 2.30 and 3.00 in his own office. It is expected that the meetings with Mr. Dillon would be reconvened in the afternoon and be concluded in time for the party to return to Ottawa by dinner time.

2. Attached for your information is a paper briefly outlining the background to the United States initiative and the latest version of the proposal which we understand Mr. Dillon will put before Canadian Ministers during the meeting.

3. There is also attached a copy of a background paper concerning the principles involved in any consultation on aid to the under-developed countries.

[PIÈCE JOINTE 1/ENCLOSURE 1]

Note

Memorandum

CONFIDENTIAL Ottawa, January 5, 1960

UNITED STATES PROPOSALS FOR ECONOMIC CONSULTATION

The Paris meeting will include most but not all of the Western European OEEC countries (including Switzerland and Sweden, who are not members of NATO), a representative of the EEC Commission, the United Kingdom, the United States and Canada. The United States has

rejected a Canadian suggestion that Wyndham White, the Executive Secretary of GATT, be invited, although they have suggested that Canada might be responsible for liaison with GATT and that this be mentioned in the Communiqué after the Paris talks. Australia and New Zealand have also received a negative reaction to their suggestion that they be associated with the Paris talks. Mr. Dillon will attend and we understand that the United States will encourage other countries to be represented at the ministerial level. It is expected that Canada will receive an invitation formally from France, as the host, within the next few days.

2. The United States initiative at the present time covers the need for consultation on both aid and trade. While these are inter-related questions, particularly in so far as policies towards low cost imports, stabilization of commodity prices, etc., form an important element in helping the under-developed countries, the factors affecting the organizational aspects for consultation on aid are quite different from those affecting trade, and are being dealt with in a separate paper.

3. The United States initiative has developed hastily following immediately on a quick trip of the European capitals by Mr. Dillon, and there may still be differences of approach yet to be resolved in Washington between the State Department and the Treasury. The Dillon initiative which began as an attempt to ensure that United States trade interests did not suffer through any special preferential arrangements which might be set up between the Six and the Seven, (particularly at a moment when there is some concern in the United States over the trend of the balance of payments), and an effort to persuade Western European countries to assume a larger share of aid, has now been blended with a desire to focus high-level attention on the political problems inherent for NATO in the creation of the Six and the Seven. An important factor will be the United States assessment of United Kingdom interest, which until now has been to regain its political and commercial leadership in Europe through linking the Six to the Seven, and how this can be reconciled with their concern that an association of the two groups might lead to new preferential discrimination against North American exports.

4. United States intentions are still imprecise but we have been informed that Mr. Dillon may suggest that the meeting in Paris agree on the following procedures:

(a) A committee of the Paris participants be set up at the official level to discuss trade questions and particularly matters affecting the Six and the Seven — the United States would presumably press for acceptance by the others that the 1960 tariff conference provided useful machinery for reducing differences between the two blocs.

(b) A smaller committee of aid donor countries (including Japan, who would not be a participant at the first Paris meeting, and excluding Benelux at the latter's suggestion) might be constituted to review questions of economic development and aid to the under-developed countries. This group would not make specific recommendations on burden-sharing but would review the existing aid operations, e.g., the International Bank, the Colombo Plan, etc.

(c) The Ministers should appoint a committee of three or four "wise men" to study whether a new consultative organization was warranted and what would be its functions. The "wise men" committee would be composed of representatives from the United States, the United Kingdom, and a candidate acceptable to France and Germany. A neutral might also be included. The names of Burgess, Plowden and Marjolin have been tentatively mentioned. The "wise men" would report independently to all 20 OEEC countries. If they recommend that a new organization be set up or that OEEC be reorganized to deal with these matters, a meeting of the 20 OEEC governments at the official level would be convened to draft a charter. These proposals would then be submitted to governments for approval and such organization as emerged would take over the consultative functions of the two committees described above.

5. We understand from reports from the Embassy in Washington that the United States thinking has been proceeding rapidly over the holidays and that Mr. Dillon should be in a position to develop these and other ideas more fully with Canadian Ministers on January 6.

[PIÈCE JOINTE 2/ENCLOSURE 2]

Note

Memorandum

CONFIDENTIAL Ottawa, January 4, 1960

CONSULTATION ON AID TO UNDERDEVELOPED COUNTRIES

The United States, in the course of its recent initiative on economic co-operation in the North Atlantic area, has been advocating some form of continuing consultation, or perhaps coordination, in the field of aid to underdeveloped countries.[1] It is by no means clear what the precise intentions of the United States Government are or the extent to which the other Big Four Governments support them. Some crystallization of United States ideas will presumably have taken place by the time of the consultations which are to precede the January 14th Ministerial Meeting of the OEEC and we may then be faced with definite proposals. At this stage we might at least try to identify the policy questions that will arise for Canada if proposals are made for new initiatives, in a North Atlantic context, on aid to underdeveloped countries.

A variety of possible forms of consultation on aid have been mentioned. They include:

(a) continuing informal consultation, without setting up any new institutional framework;

(b) the establishment of a committee of "wise men" to make recommendations for further action;

(c) utilization of existing regional institutions (OEEC or NATO) for consultation and perhaps co-ordination;

(d) creation of a new institution on a North Atlantic regional basis or with wider membership;

The pattern of Canadian external assistance up to the present has been to extend most of our aid to Commonwealth countries through the Colombo Plan but to make substantial contributions as well to United Nations programmes and organizations. Any of these new approaches raises questions for Canada of the probable effects on our own aid programmes and also of the effect on the total volume of external aid available to underdeveloped countries as a whole. If we are to be invited, as appears likely, to participate in new collective activity of some kind in this field we must weigh the possibility that our freedom of action may be circumscribed or that we may be subjected to undesirable pressures to alter the pattern of our aid. We must also consider whether the proposals would in fact serve to increase or make more effective the aid actually available for development purposes.

A major concern on the part of the United States in the past few months has been to encourage European countries to increase their aid to underdeveloped countries. Undoubtedly one of the objectives the United States has in mind is that consultations on aid will provide an opportunity for further pressure in this direction. We too believe that Europe, especially Germany, can and should make a greater effort but it does not automatically follow that formal consultations on aid, or new institutional arrangements are necessary to achieve this end. It should be possible to spur the Europeans within the framework of existing institutions or simply through bilateral discussion. On the other hand, if the Europeans themselves desire to take collective action on aid to underdeveloped countries is it necessary that the United States

[1] Voir volume 26, chapitre V, 4e partie./See Volume 26, Chapter V, Part 4.

and Canada be direct participants. We are already extending aid on a scale substantially greater than most European countries.

We should not assume without question that consultation in the field of aid is desirable. Nevertheless there are reasons why consultation on aid should not be too lightly dismissed. One consideration for Canada is that we should not give the appearance of dragging our feet in an operation which was publicly proclaimed in the 4-Power communiqué of December [21],[2] and which has acquired substantial momentum. We have established ourselves as persistent advocates of political consultation in NATO and while there is, in fact, no real analogy between consultation in that sense and consultation on aid to underdeveloped countries, the distinction may not be readily apparent to the public.

There can be no question that there is need for a much greater total volume of effective aid. It may well be that the time has come to impart a fresh impetus to the aid programmes of the Western world and that the over-riding question is how best we can carry out the "push." If this is the prime objective of the proposals that are now in the air, we should treat cautiously any suggestion for new institutions. There are enough institutions in this field already to absorb all the resources that are likely to be made available in the foreseeable future and multiplying the number of aid-giving organizations does not necessarily multiply the quantity of aid. It may only spread it more thinly. We should avoid creating new institutions if existing ones can do the job.

The "fresh impetus" approach would seem to call, not for continuing consultation, but for a one-time operation carried out with a good deal of publicity. Ministers of all the Atlantic countries might meet specifically to discuss aid and issue a general pledge to devote substantial resources to aiding underdeveloped countries. Or the Ministers might commission a small, representative group of outstanding individuals to survey the field and make recommendations for further action, if any. This sort of exercise would present fewer problems for Canada's own aid programmes than a continuing process of consultation. The International Bank is already engaged in something of this kind. Its President, Mr. Black, recently asked Sir Oliver Franks, Herr Abs and Mr. Joseph Dodge to undertake a survey mission to South Asia. Their terms of reference are restricted, however, and unless they could be broadened by agreement with the Bank it would be necessary to appoint another group with different terms of reference.

If institutional arrangements for consultation on aid are thought necessary, the choice hinges to a considerable degree on the reasons why it is thought desirable to consult, and the degree of coordination that is aimed at. As already mentioned, these points are by no means clear at present. But some factors bearing on the suitability of alternative institutions as vehicles for consultation in this field ought to be borne in mind. One important question is whether any institution confined to the North Atlantic area is broad enough. While it is true that nearly all the countries in a position to extend aid are in the Atlantic region, Japan, Australia and New Zealand are not and they deserve consideration. Some means might, however, be found to associate them with an organization based on the Atlantic community.

There is also the question whether it is desirable to consult about aid to underdeveloped countries without taking account of the views of the underdeveloped countries themselves. It may be argued that there exists in the United Nations an institutional framework for one kind of consultation between donors and recipients of aid and that what is now contemplated is a different kind of consultation. The underdeveloped countries may, however, regard North Atlantic consultation on a subject so vital to their interests with some apprehension and their

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[2] Voir/See "Special Communiqué on Economic Situation," *Department of State Bulletin,* Vol. XLII, No. 1072 (January 11,1960) p. 43.

attitudes are an important consideration. The presentation of aid is a matter of no less significance than its content. If it is impractical to associate any underdeveloped countries with the proposed consultations it would seem desirable to explain to the more important of them what is contemplated and to endeavour to allay any misgivings they might harbour.

If we were to join with the Europeans in some form of continuing consultation on aid we would in all probability be subjected to a degree of pressure to extend aid to countries which are thought by other members of the group to warrant special attention. Greece and Turkey have already given notice that they will continue to seek to establish the principle that they, the poorer members of NATO, should have first claim on aid from other North Atlantic countries. In the light of our special concern for Commonwealth countries and the size of our contributions to multilateral programmes we have so far avoided committing ourselves to economic aid to Greece and Turkey but we will have to face this question in any new North Atlantic discussion on aid.

This is one specific example of the pressures on our own aid programmes that are inherent in participation in almost any form of consultation on aid. If consultation consists of anything more than a mere exchange of information it implies some willingness to modify national policies and it is for consideration whether it would be in Canada's interest to limit our present degree of flexibility in this field. It remains to be seen whether the United States would in fact be prepared to adapt its policies to a co-ordinated Western aid programme and on the evidence so far available it is doubtful that she would be willing to do so. In fact it has not been convincingly demonstrated that co-ordination of aid programmes is either possible or desirable.

Canada has resisted in the past suggestions that aid be co-ordinated under the aegis of NATO, on the ground that it is a purely regional alliance and in the eyes of many underdeveloped countries it is a suspect organization. It is to be hoped that this idea will not be revived.

In examining the advantages or disadvantages of OEEC as a possible forum for consultation on aid some account must be taken of the fact that the trade policies of the industrially advanced nations of the North Atlantic area are as important a factor in the economic progress of underdeveloped areas as direct forms of aid. There is evidence that many of the European countries are concerned to use the new economic institutions that are being constructed in Europe to protect themselves against competition from low-cost producers and manufacturers in the Afro-Asian world. This aspect of the situation might weigh against the use of a regional organization like OEEC and in favour of a more broadly based institution. On the other hand OEEC is already in existence with a potential for adaptation to a new role.

When decisions are taken on Canadian policy toward these various proposals our interests in trade and aid will have to be weighed jointly. On the other hand, although trade and aid are inter-related the same approach is not necessarily appropriate to both sets of problems, despite their juxtaposition in the United States initiative on economic co-operation. Consultations on trade in a North Atlantic context may prove to be more or less advantageous to Canada than consultation on aid. There is some evidence of a tendency on the part of the United States to go ahead with consultation on aid to underdeveloped countries regardless of what happens to the rest of its proposals for North Atlantic economic co-operation.

467. DEA/9537-B-40

Note du sous-ministre adjoint du Commerce

Memorandum by Assistant Deputy Minister of Trade and Commerce

CONFIDENTIAL [Washington], January 6, 1960

COMMENTS BY CANADIAN MINISTERS,
WASHINGTON, JAN. 6TH, 1960[3]

1. The United States' decision to become more actively involved in the resolution of European trade problems and its desire to ensure that solutions which may be found in Europe will promote European solidarity without sacrificing the trade interests of the United States, Canada and other outside trading countries is warmly welcomed. So too is the United States initiative to secure a more effective and larger European contribution to the development of less advanced countries.

2. Canada is glad to take part in the forthcoming discussions of key European and North American countries. Together the European countries, the United States and Canada account for much the greater part of world trade (although the balance is important politically and commercially) and comprise the major western countries who must give leadership and accept responsibility for the political and economic health of the free world. Canada hopes to play a positive and constructive role in the Paris talks. In this connection the opportunity to consult in advance with United States Ministers is particularly appreciated.

3. The Canadian Government recognizes that trade and aid are vital and not unrelated factors in the complex of international relations and especially between industrialized and less developed countries. Currently there is important work to be done in both fields. It is our view however that for purposes of clarity in discussion and in order to achieve the best results the two subjects should be treated separately.

Trade Matters

4. In the Paris meetings and in any subsequent discussions at the official level Canada, like the United States, will naturally be anxious to protect its direct and indirect trade interests. The question of Canadian access to European markets will clearly be involved and less directly the trade relations of Canada and the United States with non-European countries. Canada will be looking for further evidence that the Six intend, as they have promised in recent public statements, to follow a liberal commercial policy. Clear evidence of the intentions of the Six will be available when the full Common Tariff is made known and when the Community decides on its common agricultural policy. The Canadian Government expects that the United States will be as interested as Canada to see that the Common Tariff is fixed at a level which will encourage and not further restrict trade with outside countries. Canada will be especially affected by the rates set for basic materials such as aluminum, lead and zinc, synthetic rubber, pulp, etc., many of which are on List G. This is a matter of vital importance and the materials concerned are such that it is in the economic interest of the Six to fix zero or very low tariffs. In this regard we count on United States support. In the agricultural field it is similarly very important that the arrangements of the Six should not leave outside countries such as Canada, Australia and New Zealand, who are competitive producers and depend substantially on

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[3] Note marginale :/Marginal note:
This was originated by Mr. J.H. Warren and seems to be the only paper that came back from Washington. It went to Cabinet on Jan. 7 but was not considered. It will be taken to Paris on Jan. 9. There will be a telegram from Washington reporting on the meeting with Dillon. [D.B. Wilson]

agricultural exports, in the position of residual suppliers. The United States has comparable interests. We wish to secure reasonable access to European markets for agricultural products on a competitive basis and to share in the growth of demand in Europe. We believe the Six should volunteer some easement of the probable impact of their Associate Overseas Territories' arrangements on the trade of less developed countries. Quota restrictions should be speedily eliminated and not reintroduced except in accordance with the individual balance of payments needs of members of the Six. Any quotas should be non-discriminatory in circumstances of convertibility.

5. It is the Canadian view that the discussions among the Six regarding the level of the Common Tariff and the rates to be applied to basic materials on List G took place against an economic background which was much less favourable to the Common Market countries than that which now prevails, and that in consequence the tariff rates under consideration are higher on the whole than is now appropriate. In the past year or so the French economy has made a striking recovery and has demonstrated remarkable vitality. The ability of the Six to compete against the United States, the United Kingdom and other industrial countries in home and export markets has been amply demonstrated. The balance of payments and reserve position of the Six has become very favourable. In these circumstances, we feel that the Six should reconsider the level of their common tariff and the rates on List G in the light of the new circumstances, and we hope that the United States will strongly urge this view. In acted on, it would contribute not only to the alleviation of intra-European difficulties but to trade expansion generally. Along the same line of thought we would hope that the United States would urge that the accelerated reduction contemplated in the tariff rates of the countries of the Six whose rates are now higher than the projected common tariff will not for the time being be matched by an accelerated increase in the rates of the low tariff countries.

6. The emergence of the Seven has been regarded in some quarters as a divisive element in Europe. The Canadian Government, while never giving active support to this grouping, can understand the factors and motives that brought it into being following the breakdown in 1958 of the broader European free trade area negotiations. The Canadian Government believes that the EFTA should be regarded as one of the "facts of life" of Europe, along with the EEC, and would oppose any attempt to persuade the participants to abandon the project. The EFTA arrangements, like the Treaty of Rome, will be examined by the contracting parties of the GATT.

7. We share the United States view that the solution of the problem of the Six and Seven in Europe should not be found through a preferential arrangement in which enhanced access to markets would be exchanged by countries of the two groups and not shared by outside countries. "Bridge building" should not involve preferential arrangements which discriminate against outside countries. A full fledged free trade area could be contemplated but appears unlikely. What is needed is not a bridge to permit goods to flow to and fro between the groups in Europe, but a progressive reduction in the level of protectionism to be surmounted not only by goods moving within Europe but also by goods moving into Europe and from Europe to the rest of the world. Such a solution now seems more possible, thanks to the new trade initiative of the United States.

8. The Canadian Government considers that present political and economic tensions in Europe could be eased and possibly overcome if the Six and Seven together with the United States and other countries were to take maximum advantage of the forthcoming round of general tariff negotiations to reduce the incidence of tariff protection in Europe and elsewhere and in particular to secure reductions in the Common Market tariff. To proceed in this way would allow time for tempers to cool and to work out constructive answers to particular problems. Such a solution would have the advantage of generalizing benefits secured in

Europe to outside countries. Has the United States considered the possibility that to obtain the desired results in Europe it should be prepared to offer more by way of tariff reductions than is presently permitted under the Reciprocal Trade Agreements Act? Should not this be considered?

9. It should be emphasized that tariff reductions by the Six and the Seven and participation in the GATT tariff negotiations will not in themselves be sufficient to resolve the present European problem. In addition to substantial reductions in the Common Market tariff it is essential that the Common Market agricultural régime should be non-restrictive and provide competitive access for imports from outside the Common Market area. As in the case of tariffs, the United States might consider whether relaxation of its own agricultural import restrictions would not be a helpful move in this respect.

10. In so far as the substance of the talks is concerned, in addition to protecting United States and Canadian trading interests in Europe, it would seem essential to find solutions consistent with broad multilateral principles and MFN obligations as provided for in the General Agreement. These considerations should be kept in mind if a deterioration in relations with non-European trading countries and the less developed countries is to be avoided. The broad political advantages of providing aid to the less developed countries could easily be lost if they came to the view that the industrialized countries of the West were insensitive to their trade interests. Indeed the mounting reaction of a number of countries who have not been invited to participate in the Paris talks is itself a clear indication of the vital importance of avoiding any action which appears to be directed to the formation of any new exclusive grouping. Canada considers that it would be advisable that the Secretary General of GATT, Mr. Wyndham White, be asked to participate. This would go some way to ease the mounting concerns of countries not included in the talks that their interest may be prejudiced by non-participation. If there are valid objections to this proposal it would be important for GATT participation to be arranged in the continuing discussions at the official level which it is proposed should follow the January 12-13 meeting.

11. The Canadian Government considers that the results of the meetings on trade should in due course be brought in some way within the ambit of GATT where all contracting parties are present. This might, but need not, involve some link with the GATT. It might be possible for example to indicate in any public announcement about the forthcoming talks that it will be the intention of the participants to find solutions consistent with existing international obligations and to communicate the conclusions of the group to the contracting parties.

Aid Matters

12. We support the United States desire to have European countries play a more active role in the provision of aid to the less developed countries. To this end we could agree that at the forthcoming meeting a smaller committee of countries might be set up. In the Canadian view this group should concentrate on what European countries can best do over and above contributions now being made or planned. For this purpose it would no doubt be appropriate for the committee to review existing aid operations through the IBRD, the United Nations, the Colombo Plan, etc., but the Committee should not be empowered to make specific recommendations on burden-sharing nor to recommend changes in the aid policies of the associated countries, the United States and Canada, nor to impede progress on the proposal for the establishment of IDA. Whatever is the substantive outcome of the discussions on aid Canada would consider it important not to leave the impression that the countries of Europe are seizing the control and direction of the aid programmes of the West. Any such impression might adversely affect our relations with the less developed countries, might undermine the position of the Bank and of the United Nations and could possibly play into the hands of the Soviet Union.

The Proposal for a Committee of Wise Men to Study the Need for New Organizations.

13. In the Canadian view it would be undesirable at least at this stage to contemplate the appointment of Wise Men to consider the need for a new organization or organizations in the field of trade and aid. What is important is that the countries chiefly concerned should together be addressing themselves to the main current problems in these two fields. The two Ad Hoc committees discussed earlier will provide a forum for such discussions. Conceivably the deliberations of these committees will reveal the need for some new organization. The need is, however, not evident at the moment. In the trade field serious problems might arise if consideration were to be given to the setting up of a new organism with membership less comprehensive than GATT. In the circumstances it would seem desirable to let the substantive discussions on trade go forward on the basis of the proposed committee and put aside the question of any new organization at least until the need to consider such a departure has been clearly demonstrated.

14. So far as aid is concerned Canada would similarly feel that it would be better, at least initially, to leave the work in the hands of the temporary committee which has been proposed. If at a subsequent stage thought were to be given to the appointment of Wise Men to consider the overall effectiveness of the aid given by Western countries and what improvements might be brought about, it would seem desirable to include a qualified representative of the less developed countries, for example an Indian.

Possible Reorganization of the OEEC

15. In the circumstances in which European countries have fully recovered from the dislocations of war, when balance of payments difficulties have been overcome, when European currencies have been made convertible and when the justification for limiting trade liberalization to a regional basis has disappeared, a case can clearly be made for re-examination of the basic Convention of the OEEC. This is a question which, if it is to be considered, should be examined on its merits presumably by the OEEC itself. If the OEEC were to be reorganized we would consider that its responsibilities in the field of international trade should be consultative not executive and fairly strictly circumscribed. Important trade matters should be dealt with in the forum in which the rules are laid down and where all the countries concerned are represented (GATT). This would of course not preclude consultations in the OEEC or Ad Hoc meetings of groups of countries chiefly concerned about particular problems.

16. The role which might be given to the OEEC in the field of aid might well emerge from the studies of the aid committee which it is proposed to establish.

17. The OEEC function of discussion and consultation between European countries on economic developments and policies has proved useful and might well be continued. This is not, however, urgent as the OEEC as presently constituted could carry on this work.

468. DEA/12447-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 38 Washington, January 8, 1960

SECRET. OPIMMEDIATE.

Repeat Finance Ottawa, Bank of Canada Ottawa, PCO Ottawa (OpImmediate, T and C Ottawa (OpImmediate) from Ottawa. NATO Paris (for Canadian Delegation) (OpImmediate) (Information).

CANADIAN MINISTERS MEETING WITH DILLON – PARIS ECONOMIC MEETING

Following is a draft record of discussions at the meeting in Washington Wednesday January 6. You may wish to clear this draft with the ministers and officials concerned and we shall leave to you the transmission of the approved record to posts abroad including Washington from Ottawa. For the sake of convenience we have divided this report into four main headings. (a) Dillon's and Anderson's statements (b) trade (c) aid (d) organization.

2. *Dillon's Opening Statement.* Mr. Dillon opened by saying that USA authorities welcomed the opportunity to exchange views in the frankest possible way with Canadian ministers on this subject which was of great interest to both countries. In response Mr. Fleming said that before he left Ottawa he had been asked by the correspondents whether Canadian and USA interests were identical with respect to the trade problems of Europe. To this he had replied that while they were not identical they were similar. In his introductory remarks Mr. Fleming referred to the special importance Canada attached to GATT as the primary forum for the resolution of trade problems, to the need for the avoidance of new discriminatory measures either by the Six or the Seven, to our interest in the development of a strong Europe, both politically and economically, and in a Europe without splits or divisions. Canada has a huge trade with UK and Western Europe, for the most part in primary products and raw materials. Mr. Fleming referred to Secretary Anderson's assurance at Paris that USA was equally interested in avoiding new discriminations against North American exports, and that this interest applied not only to finished products but to primary products and raw materials as well. Mr. Dillon offered to begin with an account of how USA thinking had developed. He said that last fall and indeed late summer they had become increasingly concerned over developments in European trade arrangements. It seemed that the positions of the Six and Seven were hardening and the direction of developments had not repeat not been clear. They had lacked info as to the position of UK or the other members of the Seven, and when such info had been sought the reply had been that the arrangements were still under negotiation. At the time of the last World Bank Meeting, Dillon said he had told Makins of USA concern, and Makins had replied that he hoped for fuller discussion after the treaty of the outer Seven had been initialled. USA concern had not repeat not lessened. They were concerned for one thing about the danger to NATO of a possible political split arising between the two groups. Secondly, there was a feeling that as a result of the policies of the two groups, preferential arrangements discriminatory against the rest of the world and affecting exports from USA and Canada, might develop. For these reasons Dillon had undertaken his mission of inquiry to London, Paris and Bonn.

3. In his talks with UK ministers in London he had sought to dispel UK worries that USA was discriminating against the Seven and in favour of the Six. He had explained that USA

fully recognized the right of the Seven to establish a FTA among themselves and USA would judge the Seven on the same basis as the Six in GATT. USA were not repeat not opposed to the FTA of the Seven but on the other hand it could not repeat not "cheer" for this group since it would lead to difficulties for USA trade. USA was generally concerned about its competitive position in foreign markets and about its current balance of payments deficit. Further USA did not repeat not see the same political attractions in the Seven as in the Six. While the Six created the same short run trade disadvantages for USA it had the political advantage of drawing Germany and Italy together. USA support for the Six was basically political and it had so been explained to Congress. USA had perhaps not repeat not pressed the Six too hard in the Early stages but as the Six grew stronger USA would press harder on the trade front. This was one of the purposes of his recent talks in Europe.

4. Regarding the Europe-wide FTA USA had made it clear that if all the countries concerned wanted such an arrangement USA would support it as ending the political quarrel in Europe. Tradewise a Europe-wide FTA would be more discriminatory towards USA than the present separate groupings and USA would not repeat not be enthusiastic about it but it would raise no repeat no objections if all countries were agreed. However, USA felt that a Europe-wide FTA was not repeat not likely to develop. UK agreed that this was not repeat not a practical possibility at this time and had decided that if it were pressed now it would be bad politically. There seemed to be a real difference of view between UK and her partners in the Seven on this point since some of the other countries were anxious to reopen negotiations for a large FTA without delay. In addition he had found a greater urgency of feeling in Germany and France that talks between the Six and Seven should be resumed rather than being postponed. France was not repeat not prepared to support a Europe-wide FTA but French opposition was no repeat no longer on economic grounds but on political grounds since in their view a merging of the Six into a large FTA would erode the institutions of the community.

5. Dillon had found confirmation of the danger of partial preferential settlements between the Six and Seven. He said UK had apparently considered such arrangements at one time but that in view of the opposition of some of the other countries to such arrangements the danger had now been alleviated. It could, however, recur if outside pressures were not repeat not maintained against such possibilities.

6. Dillon had expressed USA interest in being part of any discussions designed to settle the problem between the Six and Seven. He had been impressed in his discussions in London by the fact that UK ministers never stressed the economic aspect of this problem but emphasized the political aspect of the split. USA could not repeat not see why this should be such a political issue but if UK felt this was the case USA had to recognize the problem. USA would help to ease the transition by pushing the Six to reduce trade barriers.

7. USA attached importance to the GATT tariff negotiations and had been concerned that the Seven were not repeat not committed to participate. However, UK had indicated they were consulting the other Seven on this subject and USA had been pleased to hear that some of the smaller countries in the Seven had decided to participate.

8. The question of how and where USA could take part in discussions on the European problem had been discussed with UK, Germany and France and the following points had emerged. (a) The group should not repeat not be too large (b) no repeat no new organization should be set up (c) there should be continuing conversations rather than any one single conference to settle the problem (d) the OEEC as at presently constituted was not repeat not a suitable forum. USA was only an associate member. The Common Market countries felt that the OEEC was prejudiced against them.

9. UK had suggested reorganizing the OEEC so that they could relinquish their special position within the organization and USA and Canada could join as full members. USA was

prepared to look at this possibility. USA was however not repeat not interested in establishing a purely North Atlantic organization since it would give the appearance of dividing the richer countries from the rest of the world. UK had suggested that the meetings on the Six and Seven should take place separately from the OEEC and the French had agreed to this. It was then a question of selecting representation for the meeting and this was done on the basis of the formula OEEC Executive Committee plus Steering Board. These decisions were taken more rapidly than USA would have liked but they were forced by the timetable.

10. Regarding the next steps to be taken USA was interested in the following: (a) as a long range project there was the question of making a new consultative forum where USA could join as a full partner without direct obligations. This might conceivably be done by reorganizing and modernizing the OEEC. To set this project in motion it had been suggested that a small group should make preliminary study and report to all OEEC governments at the working level. This could be followed by a meeting of OEEC governments at ministerial level. These procedural suggestions had been discussed with UK, France, Italy and Germany and there was general agreement but some differences of view on detail, It was also felt that if a new organization is set up this would take possibly some eighteen months by the time it was ratified. It was, therefore, necessary that the Thirteen Nation Group should continue their meetings. He suggested that the Group might meet each time there was an OEEC meeting and he hoped there would be more of these.

11. On the European mission there had also been brief talks regarding development and a greater coordination of bilateral lending efforts. It was a question of getting some countries, such as Germany, to do more and to find a proper forum for this purpose. The suggestion was that a small group comprising the seven or eight capital lending countries including Japan should be convened.

12. In the course of these discussions in Europe reference had also been made incidentally to the Japanese trade problem and to the need to assure the burden of imports. More pressure would be needed in the GATT on this question.

13. USA was greatly concerned to ensure that the interests of GATT and outside countries were taken fully into account. The GATT was the primary organization in trade policy and USA never had the slightest idea of interfering with it. The GATT was however not repeat not a suitable forum for these discussions because the Six and Seven problem was largely political and because the GATT membership was too large.

14. It seemed clear that the Six were prepared to go a long way to meet the trade problems in Europe by means of MFN tariff negotiations in GATT. The countries of the Seven did not repeat not appear too interested since the smaller countries were still hoping for a large FTA. However, once these countries were convinced there was no repeat no prospect for a broad FTA they might then concentrate on resolving problems through tariff negotiations. Canada and USA surely have the same objectives in this matter even though their trade interests differ as between primary commodities and manufactured goods.

15. After Dillon's opening remarks Secretary Anderson commented as follows. He emphasized that there should be different groups to deal with trade and aid. Some of the European countries regarded themselves as underdeveloped and having prior claims on aid. The group on aid coordination should be limited to the seven or eight capital lending countries since if it was opened to others it would be difficult to limit membership. The proposed machinery both on trade and aid should be purely consultative and have no repeat no operational functions. Further it was important that the Paris meeting should not repeat not leave the impression that the problems could be solved through two or three meetings. Continuing talks would be required. Whatever mechanism was set up to deal with the Six and

Seven problem USA "must not repeat not be outside the door." Dillon commented that the Six and Seven problem was temporary and might be settled in a period of one, two or five years.

16. In response to questions by Mr. Churchill Mr. Dillon indicated that the political problem raised by the Six and Seven could result in danger for NATO. UK had hinted that it might be difficult for them to participate fully in Europe on military and defence matters if there was continuing economic tension within Europe. He said that the smaller countries of the Seven had real trade problems which could be solved through tariff negotiations. In this regard USA had urged the Common Market to more than reciprocate in its tariff negotiations with low tariff countries. UK however also had political and emotional concerns regarding the split in Europe. He said there seemed to be an inconsistency in UK position since, while they stressed their recognition of the political importance of the Six, they also expressed concern about political dangers created by the Six. The changed position of France and the French-German partnership was significant in the changed attitude of UK which was now more political than economic.

17, Dillon also said that while FTA between UK and Scandinavia seemed economically viable it was doubtful whether FTA arrangements with the other Seven were as viable. They were primarily a means for exerting pressure for a Europe-wide FTA. A further problem raised by the present split in Europe was that other European countries would have to line up with one group or the other. Dillon said they had info that UK had approached Spain to join the Seven and Spain was now trying to decide which group to join.

18. *Trade*. Mr. Churchill said that the Canadian point of view was very close to that of USA. Canada had major export interests in UK and European markets. He referred to his earlier talks with various European ministers who had expressed their desire to liberalize trade. Canada hoped to ensure access to the European markets and favoured full participation in GATT negotiations by the Six and Seven. Canada also hoped USA would exert pressure on the Common Market tariff levels which had been set at a time when economic conditions were not repeat not as favourable as today. Canada accepted and welcomed the creation of the Six and also accepted the establishment of the FTA of the Seven. The Seven could provide an effective means of pressure on the Six. He hoped, however, there would be no repeat no special discriminatory arrangements between the two groups.

19. At the Paris meeting Canada would agree to setting up a committee for continuing talks on the Six and Seven problem to ensure that full account is taken of Canadian and USA interests. He expressed concern that this group might however create the impression that GATT and the interests of outside countries were being disregarded and urged that the GATT Executive Secretary should be represented at the meetings. He also suggested there should be close contacts between Canadian and USA officials on these matters.

20. Mr. Fleming stressed that (a) Canada could see no repeat no need for any new organization (b) the function of the proposed meetings should be purely consultative and (c) the GATT Secretariat should be visibly represented in the meetings on trade. It was essential to reduce the problem of the ins and outs and the attendance of the GATT Secretariat would reassure outside countries and our own people that there was no repeat no thought of abandoning GATT or changing trade policy. The presence of the GATT Executive Secretary at the meetings would have a reassuring effect and would publicly signalize continued interest in GATT.

21. Dillon commented that USA had sent instructions to all posts to inform countries of continued USA support of GATT. He saw difficulty in inviting Wyndham-White to the Paris meeting since this would reopen the formula for representation. The Six were against talking within the OEEC or in the presence of OEEC Secretariat. If Wyndham-White was invited this would lead to pressures for OEEC Secretariat representation and possibly attendance by IMF

or Bank staffs. The possibility of having some contact or representation from GATT might be explored in Paris. The group might, for example, designate one of its members to keep the GATT Secretariat fully informed and this could be made part of public announcement. Dillon added that apart from Canada, Australia and New Zealand there had been no repeat no expression of concern from any other outside countries. USA would, however, re-examine the proposal that GATT should be represented at future meetings of the group. In the discussion the Canadian side said they did not repeat not favour the suggestion that the GATT Secretariat should be kept informed by a designated member of the group since this gave the impression of downgrading GATT. It was also pointed out that the GATT was unique as being the only free world trading organization and was not repeat not on the same footing as other bodies such as OEEC.

22. Mr. Fleming suggested that in view of USA support for the Six USA should expect them to be guided by USA views. Canada was not repeat not taking sides between the Six and Seven but was seriously concerned about various measures being proposed by the Six and hoped USA would exert its influence.

23. He urged USA to exert the strongest possible influence to ensure that the Common Market does not repeat not raise its tariffs. He indicated that the formulae for averaging tariffs and for List G in the Common Tariff had been worked out by the Six in the context of economic conditions greatly different from those which prevail today. The present favourable economic conditions and the political factors involved all argued for the lowest possible tariff level by the Six. It was pointed out that the Six should establish tariff levels going well beyond the strict legal application of GATT provisions. This applied in particular to tariffs on raw materials. The prosperity in Europe had been due partly to low raw material prices in recent years and high tariffs on these products would have serious economic and political implications.

24. Canada was also concerned about Common Market proposals on agriculture where the tariff was not repeat not the main deterrent to trade. He urged USA to press the Six with respect to their agricultural régime.

25. Mr. Dillon replied that Canada and USA saw exactly eye to eye on these matters. USA had already been pressing the Six on the tariff, List G and agriculture. He had raised the question of List G with representatives of the Six in his mission. He said USA had urged the Six not repeat not to implement any increases toward their Common Tariff pending the review of the Common Tariff in GATT. USA officials agreed with the Canadian assessment that the proposed arithmetic average for the Common Tariff would lead to increases. USA had urged the Six to make bigger concessions than they receive either separately from the tariff negotiations or, if this facilitated the political problem, as part of the GATT negotiations. In USA view the only way in which the Six could justify tariff increases prior to the GATT conference was by offering unilateral decreases in the ultimate level of the Common Tariff. Dillon said USA had been strengthened in their view by the comments made by the Canadian side.

26. Dillon said USA had given some thought to what reciprocity USA could offer. USA was limited by their present trade agreements legislation and could make no repeat no firm commitments. However, they though they might be able to tell the Six that unilateral cuts by them could be "taken into account" in future negotiations.

27. *Aid.* Mr. Fleming referred to the substantial contribution made by Canada in the aid field. He doubted whether any group selected among the capital lending countries could produce any very valuable results. The countries directly concerned could exchange info and assess what use should be made of existing aid capacities through close consultation and without the need

for any new organization for this purpose. It would be almost impossible to devise any common yardstick for assessing aid contributions.

28. Dillon said that the European countries felt the need for coordination in aid. The proposed group should not repeat not be thought of as a clearing house nor as a body to decide on the shares of contribution. It might however be useful as a forum to exchange views on the structural methods of handling aid such as discussion of long term versus short term lending and the types of financial institutions that are most effective.

29. Mr. Upton, Assistant Secretary of Treasury, said that on his recent visit to Europe he had found a general demand for greater coordination and advice and assistance regarding aid. Those groups resisting expanded aid would shelter behind the excuse that there is not repeat not enough coordination in this field. He also found a lack of understanding about the services available from the World Bank. USA visualized the proposed committee not repeat not for burden-sharing purposes but as a forum for review and analysis of various techniques and institutions. It would not repeat not be an exclusive group but it would consist primarily of the countries now giving aid. He said USA was still flexible in its thinking as to functions of this group.

30. *Organization*. Mr. Fleming and Mr. Churchill stressed that they did not repeat not agree with USA views regarding the need for a new permanent organization for either trade or aid and that they reacted adversely to the proposal that a small group of "wise men" should be set up at the Paris meeting. They urged that no repeat no immediate action should be taken on this matter at Paris but that the question of a new organization or a revised OEEC should be deferred until the picture is clearer. The setting up of a group of "wise men" at the same time as the continuing committees are announced would give rise to serious concern among the countries excluded and prejudges the need for a new organization. It was obvious that the OEEC was out-dated in many respects and should be revised but this could be done by the OEEC itself.

31. Mr. Fleming said it would be hard for Canada as well as for other countries to accept the idea that a small group could assess the whole problem and take the interests of outside countries into account. Canada would probably not repeat not be selected for inclusion in any such group. Secondly, the consideration of these problems would be channelled into even narrower and more exclusive groups and would result in a few large countries making far reaching commitments. In the Canadian view this whole idea was premature and there were serious misgivings about rushing into hasty decisions. It was pointed out that there was no repeat no longer the same timetable pressures which had led to the decisions for the announcement by the Big Four.

32. The Canadian side urged that the Paris meeting should confine itself to setting up the two informal groups on trade and aid with suitable GATT representation in the trade group. If as a result of the discussions by these informal groups there was clear evidence that a new organization was desirable this could be considered on its merits.

33. In response to these comments Dillon said that it would be difficult for the informal groups to continue for any protracted period separately from the OEEC unless it was clear that studies were in progress either to revise the OEEC or to set up a new institution. The proposal that a small group should be set up, looking towards regularizing the basis for the trade and aid discussions, seemed like a good way to resolve this problem. USA was not repeat not committed to the exact number of this group and would be prepared to widen it and to have it consist of government representatives rather than independent "wise men." The Canadian side reiterated their serious concerns about these proposals.

469. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], January 8, 1960

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Defence Production (Mr. O'Hurley),
The Secretary of State (Mr. Courtemanche),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin), (Dr. Hodgson).

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PARIS TRADE TALKS; INSTRUCTIONS FOR CANADIAN DELEGATION
(Previous reference January 7)

30. *The Minister of Trade and Commerce* recalled that he and the Minister of Finance would represent Canada at the International meetings on trade to be held in Paris on January 12th and 13th. Consideration should be given to the instructions to be issued to the delegation.

An explanatory memorandum entitled "Comments by Canadian Ministers, Washington, Jan. 6th, 1960," had been previously circulated.

31. *The Minister of Finance* said that during the conversations held this week in Washington he and Mr. Churchill had followed the principles described in the explanatory memorandum. A copy should be given to the United Kingdom representatives prior to the meetings in Paris. Cabinet approval was needed in particular on three points.

First, the delegation proposed to support G.A.T.T. and the principle of multilateral trade. The United States supported the Six as against the Seven, but the Canadian delegation would not take sides. The Swiss and Norwegian ambassadors had expressed the disappointment of their governments at the U.S. attitude to the Seven. The Minister hoped that direct opposition between the Six and the Seven would not arise at the Paris meetings.

Second, the delegation would take the position that any organization or continuing forum arising out of the Paris meetings should be consultative and not executive.

The third question was whether the O.E.E.C. could or should be adapted to serve as one of the continuing bodies. Nineteen countries were members, and the Organization had done useful work, for example in connection with the Marshall Aid programme. On the other hand, the French opposed the further use of O.E.E.C. because its chief executive had always been

from the U.K., and unfortunate conflicts had arisen between the British and French representatives at its executive meetings.

The suggestion would be made that two ad hoc committees be formed to deal separately with Trade and Aid. The Canadian delegation would, however, oppose the appointment of three or four Wise Men to consider the need for new organizations in the field of trade and aid. Serious trade problems might arise if consideration were to be given to the establishment of a new organization with membership less comprehensive than G.A.T.T. The Wise Men would almost certainly be representatives of the Great Powers, whose interest were not identical with those of Canada; and Canada, although one of the great trading nations, would not be represented. The Minister mentioned that at this week's discussions in Washington the U.S. representatives had indicated that they had been prepared to endorse the proposed appointment of Wise Men. It was imperative that Canada be represented on any committee on trade because of our large interest. The British were now suggesting formation of a trade committee of eight or nine nations.

Aid was certain to be discussed at the meetings. The U.S. wanted European countries to play a more active role in the provision of aid to the less developed countries, and the Canadian delegation proposed to support this view. A smaller committee of six or seven aiding countries would probably be established, and Canada should be included.

One unsatisfactory feature of the talks was that they were confined to Western and "White" nations. Japan would not be represented but that country ought to assume some share of the aid burden. The Japanese government was prepared to enter the aid discussions but only if included also in the trade talks.

The Canadian delegation would take the view that no new continuing organization was needed on aid, but would support the formation of a committee to exchange information.

In summary, the delegation was not proposing to make any commitments on behalf of Canada, and would seek the advice of the Cabinet if any unforeseen policy questions should arise at the Paris meetings.

32. *The Cabinet* approved a memorandum entitled "Comments by Canadian Ministers, Washington, Jan. 6th, 1960," as a framework of instructions for the guidance of the Canadian delegation to the international discussions of trade and aid to be held in Paris on January 12th and 13th.

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470. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], January 15, 1960

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),

The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Secretary of State (Mr. Courtemanche),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin), (Dr. Hodgson).

. . .

INTERNATIONAL TRADE DISCUSSIONS IN PARIS
(Previous reference January 8)

27. *The Prime Minister* said he had received a verbal report by telephone from the Canadian delegates to the international trade discussions in Paris. A written report was also understood to be en route.

From Canada's viewpoint, the meetings had been very successful. A committee comprising representatives of twenty nations, including Canada, would meet within a month to consider international trade generally. A committee of eight nations, including Canada, would consider the co-ordination of aid programmes, but no commitment had been made to increase the amount of aid above current levels. A third committee of four nations (U.S., U.K., France and Greece) would make a report this spring on the improvement and reorganization of the O.E.E.C. on the whole, therefore, it seemed reasonable to conclude that Canada's trade interests would be fully protected.

28. *The Cabinet* noted the statement of the Prime Minister on the results of the international discussions of trade and aid held in Paris on January 12th to 14th inclusive.

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471. DEA/12839-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord et de l'OECE au sous-secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council and OEEC to Under-Secretary of State for External Affairs

LETTER N-97 Paris, January 19, 1960

CONFIDENTIAL

Reference: Our Telegrams 110,† 119,† and 126† of January 13, 14 and 15, 1960.

SPECIAL ECONOMIC COMMITTEE MEETINGS

In this report on the January 12 and 13 meetings of the thirteen-nation group referred to in the Four-Power communiqué of December 14 and the subsequent discussions of the twenty-nation group which convened a few hours before the OEEC Ministerial Meeting on January 14, we shall not attempt a chronography of the detailed and at times difficult deliberations. Rather, we propose after making a few general observations to deal in a somewhat more

detailed form with the discussions leading to the agreement with the three resolutions on trade, assistance to underdeveloped countries and the re-organization of the OEEC.

2. It was clear from the opening speech by Mr. Dillon that the United States position had crystallized if not hardened in the days preceding the Special Economic Committee meetings. As a consequence the United States representative was able to lay before the Committee at the outset three resolutions (see our telegram 111 of January 14)† which, after more discussion than modification, received the approval of the thirteen-nation and subsequently the twenty-nation group. Basic to the United States presentation was its declared willingness to participate fully in a re-organized or re-constituted OEEC. Mr. Dillon argued that the process of re-organization or re-constitution would involve a good deal of preparatory work and he admitted that the full participation of the United States would probably require congressional approval. Hence in this interim period of perhaps 18 months provision should be made on a separate basis for tackling the urgent trade and aid problems. The six members of the EEC, with only minor hesitation on the part of the French, were prepared to support the broad outlines of the United States proposals. Professor Halstein, President of the Commission of the EEC, whose interventions were never impressive, seemed fearful lest the organizational implications of the Dillon proposals would in some way affect the integrity of the Commission of the European Community. For their part, the seven members of the EFTA displayed somewhat less enthusiasm for the new draft resolutions and were prepared quickly to submit proposals for substantive modification; in particular, in their interventions, they laid stress on the necessity of giving unequivocal priority to the problem of finding a solution to the tariff split between the Six and the Seven and on the need to preserve the OEEC as an organization still capable of promoting broader European economic cooperation. Early in the proceedings of the Special Economic Committee the Canadian Minister of Trade and Commerce indicated Canadian support for the broad lines of the U.S. resolutions which reflected the previous week's discussion between United States and Canadian Ministers. (Our telegram 108 of January 13).†

3. The Conferences were successful in that the broad outline of the U.S. resolutions were eventually accepted by the Special Economic Committee and by the twenty-nation group which assembled just before the OEEC Ministerial Meeting. But the substance of the main issues, particularly on trade and organizational questions, remain to be resolved. What has been agreed is simply a new framework for their consideration and resolution.

Trade

4. The original U.S. resolution fully recognized the relationship between the trade arrangements of the EEC and of the proposed EFTA to general international commercial policy. It proposed that the Special Economic Committee as presently constituted should meet from time to time to consider existing problems. It recommended that the Executive Secretary of the GATT should be invited to participate in their deliberations.

5. This carefully worded resolution had, we are told, been cleared with the French in advance and studiously avoided controversial language which in French eyes might seem to dramatize the urgency of the problem of the Six and the Seven. Thus the Six were prepared to accept the Dillon resolution for discussion of "the trade problem" by the Special Committee on which thirteen countries, the Commission of the EEC and the GATT, would be represented. At the same time, the Six and the President of the European Economic Commission, stressed that their Strasbourg offer of November to establish a "contact committee" was still open and that this committee could be responsible for proposing concrete solutions to sector difficulties in trade between the Community and its European partners and for ensuring the maximum "European content" to subsequent multilateral tariff negotiations.

6. For their part, the Seven, and in particular the United Kingdom, agreed that the U.S. draft resolution on trade did not fully reflect the urgency of the trade problems of the Six and Seven

which Dillon himself in his opening remarks had underlined. For this reason membership should be more restricted. In an early intervention the Swiss Representative called for a new group of 8 or 9 members. But subsequently the U.K. suggested a membership of seven restricted to representatives from the Six and Seven (three each) and the U.S.A. (which had already declared itself to be vitally interested). In supporting the U.S. resolution Switzerland and Sweden continued to urge the appointment of a representative from one of the "neutral" European countries.

7. The Canadian Delegation stressed that the work of the new committee should not be narrowly confined to the problem of the Six and the Seven though admittedly the highest priority should be given to it. With respect to membership, our position was that in view of Canada's great interest in the trade problem, we could not be excluded. We admitted that if a larger group were agreed upon it might as a practical measure be necessary to envisage the establishment of sub-committees or working groups. We also urged that there be a full recognition of the importance of outside countries not represented by including on the committee as a full participant the Executive Secretary of the GATT, a point which a United Kingdom resolution, submitted as a revision of the original U.S. resolution, had omitted.

8. Giving somewhat belated recognition to Canada's strong desire to participate in the work of the Trade Committee, the Seven, through the United Kingdom, eventually proposed that the membership of the committee be increased to nine and that both Canada and the United States should be represented on it.

9. In the event it was found impossible to agree on a formula for restricting membership and it was therefore agreed that all twenty members or associate members of the OEEC would be represented.

10. In the discussions among the twenty governments the subsequent day the United Kingdom's "Acting Chairman" volunteered that the United Kingdom Government would be responsible for convening a meeting of the twenty plus the EEC and a representative of GATT in about a month's time; a proposition to which the French, with obvious reluctance, agreed. No decisions have yet been taken as to the place of the meeting or the composition of the informal working groups which the twenty governments, together with the Commission of the EEC might have agreed might be established. The invitation is to be transmitted to the Executive Secretary of the GATT to participate in the discussions.

Assistance to Under-developed Countries

11. It will be recalled that the U.S. draft resolution on development assistance envisaged that the Governments of Canada, France, Germany, Italy, the United Kingdom and the United States, and the Commission of the EEC who are making or may be in a position to make a significant bilateral flow of long-term funds to under-developed areas, should meet together to discuss various aspects of co-ordination of their efforts and to invite additional capital exporting countries to meet with them as might from time to time appear desirable. This group as originally conceived would consult with such multilateral organizations as the IRBD and the European Investment Bank.

12. The representatives of the EFTA, notably Switzerland, indicated early in the discussion their support for the broad outline of the U.S. resolution. At the same time he took occasion again to stress the priority of the trade problem; a solution to which he felt should be obtained or should be in sight before the aid group began its work for he argued the capacity of Europe to supply assistance would depend to a very considerable degree on the resolution of European trading problems. The Six, for their part, welcomed the U.S. initiative with the Italians, indicating that they would have ideas to submit on the subject at a later stage. The Greek representative, who considered himself as the spokesman of what he termed the "forgotten countries," thought that the U.S. proposals stood in danger of misinterpretation and of

restricting consideration of this problem to a group of donor or potential donor countries. Following a line developed by the Greek representative in NATO he stressed that the Communist countries should not in any event be included in the list of invitees. He reminded the group of the interest of under-developed countries in having in addition what he termed a "safe" outlet for exports. He took occasion to criticize the IRBD, the past activities of which, he said, did not fill the Greek Government with enthusiasm. The German representative suggested that long-term loans must be considered with other forms of assistance though he did not dissent from the U.S. argument that the primary purpose of this group should be to facilitate a flow of funds over and above that now being given by international institutions.

13. Mr. Dillon agreed with the Canadian suggestion that discussions of the group should be aimed at co-operation rather than co-ordination and with the suggestion made first by the German Delegation that capital exporting countries be invited not only to meet with the new group from time to time but to actively participate in their work.

14. The Portuguese representative, pointing to Portugal's responsibilities with respect to [its] dependent territories in Africa, indicated that as a result his Government considered itself as making available a significant flow of long-term funds to under-developed countries. Portuguese insistence on inclusion among the members of the capital donor countries prompted the Belgians to seek membership as well.

15, For French tastes the OEEC is apparently too heavily seasoned with English pepper and has a distinct all-European free trade area flavour. Accordingly, the draft resolution submitted by Mr. Dillon on organization questions seemed to pay special homage to French preoccupations by calling for a study looking toward the desirability of establishing an international economic organization (with OEEC Europeans, United States and Canada as full members) as a "successor to the OEEC" which would confront "the new problems of the world, particularly the necessity of marshalling the total economic resources of the free world in the most effective manner to meet the challenge posed by the newly developing ." The Seven, with somewhat different palates, stressed the need for a simple re-organization of the OEEC which would combine all that was good into a framework permitting of full U.S. and Canadian participation. In the interim, recognizing that the eventual acceptability of a new charter would depend upon U.S. congressional approval, great care should be taken to prevent the atrophication of the present organization.

16. There was also some discussion with respect to the membership of the Special Group which it was generally agreed might be set up to study organizational questions. The U.S. resolution proposed a restricted membership of three persons who should be considered as experts rather than solely governmental representatives and who should report by April 18 to a meeting of senior officials of the twenty governments' members or associate members of the OEEC. "In our judgement," he said, "this question can only be addressed with any prospect of progress to a limited but representative group like this committee." The Swiss sought agreement for the appointment of seven "wise men" who would report their findings directly to the Council of the OEEC. This was unacceptable to the French Foreign Minister who, with a modicum of logic on his side, reminded the Special Economic Committee that a report by wise men to the OEEC Council would not permit the two important non- members of the OEEC — USA and Canada — to participate in the subsequent discussions as full members.

17. What eventually emerged was a compromise resolution preserving the integrity of the OEEC by looking towards its "re-constitution." The average level of representation of the "wise men" who are to be four in number seems, at French initiative, to have been reduced through the appointment of a French official, M. Clappier, of undoubted technical competence, but of a seniority which is in no way likely to commit the French Government to his findings. The nominee for the post of the "wise man" to represent the EFTA countries may be Mr. Paul

Gore-Booth, whose most recent activities have been concentrated in attempting to persuade other European governments of the desirability of an all-European free trade area. For their part, the Americans have selected Ambassador Burgess, whose reputation in Washington seems to be high.

Conclusion

18. It was interesting to note that virtually all of the countries participated in the discussions of the thirteen and subsequently 20-nation group as representatives of trading blocs. In particular, in the Special Economic Committee, the Seven seemed to be the most closely knit group and as a consequence the United Kingdom's freedom of action seemed especially circumscribed. In the chorus of the Six there were heard at times slightly inharmonious voices but aside from a certain awkwardness between the Six and the Commission, the divergences were at no times serious. In the Special Economic Committee the Greek Representative termed himself as the "spokesman of the forgotten." The apparent bloc action tended to create an erroneous impression that Canada was a member of a North American bloc and it was as a consequence necessary for Canadian Ministers to set the record straight.

19. In sum the main issues have not been really resolved and the discussions themselves did not point the way to a rapprochement. All that can be said is that the door has been opened to the discussion of outstanding problems in the trade field but there was no indication that positions had become more flexible.

[JULES LÉGER]

472. DEA/9537-B-40

L'ambassadeur en Belgique
au secrétaire d'État aux Affaires extérieures

Ambassador in Belgium
to Secretary of State for External Affairs

TELEGRAM 44 Brussels, January 26, 1960

CONFIDENTIAL. PRIORITY.

Repeat London, Washington, NATO Paris, Paris, Rome, Bonn, Geneva, Hague, T and C Ottawa, Finance Ottawa, Bank of Canada Ottawa from Ottawa (Information).

By Bag Stockholm from London.

NORTH ATLANTIC ECONOMIC CO-OPERATION

The indication at Paris that the USA and Canada are joining Europe in some new or re-constituted form of economic cooperation has had a great impact here. Everyone we speak to in the Commission, in the Belgian government and in other delegations is heartened by it even though no repeat no one seems to have any clear idea just what might or could come from it. Rey told me last week he considered Paris an important turning point in Western affairs. Van Offelen, the Belgian Minister of External Commerce who was at the Paris meetings, said in a speech last week to the Belgian Chamber of Commerce that Paris was a miracle, thanks to the part played by the USA and Canada as catalysts.

2. I seem to feel too a greater warmth toward Canada and interest in the Canadian position. The Minister's statement to the House[4] which we circulated widely was most helpful and timely.

3. We do not repeat not yet have a precise indication of the EEC attitude but we have some idea mainly from our talk with Rey, of the climate in which preparations are being made.

OEEC Re-organization

4. The idea of closer consultations among the three largest industrial areas of the free world — the Six, the Seven and North America — is not repeat not new for the EEC. Hallstein's memorandum on a European economic association and the subsequent decisions by the Council of Ministers of the Community at Strasbourg last November, called for such consultations.[5] Consequently the Paris decision to set up a reconstituted organization with full participation of USA and Canada was warmly welcomed.

5. The EEC Commission has been preaching for some time that the Community's relations with her European partners in the OEEC are only one aspect of her external relations. "Our problem is not repeat not only to settle trade questions between the Community and the Seven, but rather to help tackle the economic problems facing all of us in the West." The Commission will probably favour giving the new organization terms of reference covering consultation not repeat not only on general economic policy and aid to underdeveloped countries but also on commercial policy. As the executive of a large and growing industrial community, the Commission sees great advantages in close consultations with the other leading industrial powers of the West. These consultations would not repeat not be in lieu of but in addition to wider consultations in the GATT through which any programme of action would be implemented. The Commission does not repeat not anticipate serious difficulties in reaching agreement in the course of the next few months on terms of reference for the proposed Atlantic consultative economic organization.

Trade Committee

6. The Commission sees the real difficulty arising over the discussions on trade. The official recognition by the Paris meeting of the existence of a general problem in Europe over the relations between the Six and the Seven, and the agreement — though qualified by reference to "commercial interests of third countries" and to "GATT principles and obligations" — to give the problem priority, are a worry. That the Seven have not repeat not been converted was clear at last weeks meeting of the Council of Europe where Mr. Lange accused the Commission of being "more American than the Americans" and both he and Mr. Selwyn Lloyd made a strong plea for a "European solution to a European problem" before attempting to solve new tasks or to shoulder new burdens.

7. The Commission continues to reject the idea of a general European solution for a European trade problem which they feel does not repeat not yet exist. It maintains its suggestion for examining specific problems in European trade while at the same time working towards reducing barriers to trade on a world scale by progressive dismantlement of import restrictions on industrial products and by tariff reductions through GATT. The Commission will look to North America for support of their position.

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[4] Voir Canada, Chambre des Communes, *Débats*, 1960, vol. I, p. 409.
See Canada, House of Commons, *Debates*, 1960, Vol. I, p. 389.

[5] Voir/See *Foreign Relations of the United States, 1958-1960, Vol. VII Part I* (Washington: United States Government Printing Office, 1993), documents 70, 74, 78.

473. DEA/12447-40

Le sous-ministre adjoint des Finances
au sous-secrétaire d'État adjoint aux Affaires extérieures

Assistant Deputy Minister of Finance
to Assistant Under-Secretary of State for External Affairs

Ottawa, January 27, 1960

SIXES AND SEVENS AND THE BRIDGE

Dear Mr. Ritchie:

Last night, after dinner at Earnscliffe, Mr. Maudling was talking to Mr. Churchill, Norman Robertson, Jim Roberts and myself and there is at least one point which deserves to be recorded.

Mr. Maudling said that there seemed to be some misunderstanding between London and Ottawa and he wanted to explore what it was. He said that the proposals that the British were making were encompassed within the framework of G.A.T.T. and yet there seemed to be Canadian doubts particularly relating to U.K. proposals regarding relationships between The Six and The Seven.

After a certain amount of conversation on this subject I said that I believed the Canadian position to be as follows. Canada had accepted U.K. proposals for a Europe-wide free trade area and had never withdrawn from this position despite the breakdown of negotiations thirteen months ago and the unpromising outlook at present. What Canada had not accepted and could not accept was a "bridge" that might be built between The Six and The Seven by means of an exchange of tariff preferences falling substantially short of the sort of free trade that might gain G.A.T.T. acceptance.

Mr. Maudling immediately seized on my use of the word "bridge" and stated that the British used this term as synonymous with their original Europe-wide free trade area proposal; they were avoiding reference to a free trade area because of French sensitivity. He quite understood why we would vigorously object to a preferential or discriminatory "bridge" in the sense I had used the word but he assured us that this is not what the British have in mind. (I did not attempt to explore what the British may have meant at some time in the past by the word "bridge".) He said two or three times, later in the evening, how glad he was that this misunderstanding had been cleared up.

There are one or two other points that came up in the conversation and which may deserve to be noted.

Norman Robertson pointed out that Canada's interest in G.A.T.T. related to the main spirit and substance — reduction of barriers on a multilateral basis — whereas he gathered that Mr. Maudling's interest was primarily in the "escape clause" which related to the establishment of free trade areas. He wondered whether British interests in world wide trade were not so great that they should be paying a great deal more attention to the general reduction of barriers and much less to the particular European problem. Mr. Maudling replied that the British were interested both in tariff abolition in Europe and also tariff reduction around the world; their interest in these two programmes was equal. However European tariff abolition was actually moving forward at a smart pace and decisions would have to be made in the middle of this year while world wide tariff reductions could proceed no faster than permitted by the very limited U.S. powers. Norman emphasized that we should all be pressing the United States Administration to be seeking far greater powers, including powers to put tariff items on the

free list, but Mr. Maudling doubted that this was realistic in the present protectionist temper of the United States.

Jim Roberts raised a question regarding the fate of some not unimportant Canadian exports to the United Kingdom, e.g., chipboard, when the tariff adjustments of The Seven went forward and Canadian preferences eliminated. The loss of these markets would come as a blow to Canadian exporters, particularly if they had worked hard to build up sales following abandonment of dollar discrimination by the United Kingdom. Mr. Maudling replied that the British plans, first for the Europe-wide free trade area and then for E.F.T.A., had been well known to all concerned and, while one could regret the need for changes in the channels of trade, this was a part of an arrangement to which the Canadian Government had given its acceptance. Jim Roberts refused to be comforted by this and said that he foresaw the end of the preferential system.

I intervened to say that in so far as Canada did lose preferences and indeed found reverse preferences emerging as a result of the programme of The Seven, the U.K. should not be surprised if, in coming tariff negotiations, the Canadian Government found itself in a position where it had to cut U.K. preferences in the Canadian market. I mentioned the active interest of various European countries as well as the U.S. in the size of these preferences. Mr. Maudling, after a second's thought, replied that if there was a loss of trade advantages in one direction there could be no complaint if advantages were removed in the other direction.

You may wish to send the content of this letter to London and possibly to other Missions.

Yours sincerely,

A.F.W. PLUMPTRE

474. DEA/12447-40

Le sous-ministre adjoint du Commerce
au sous-secrétaire d'État adjoint aux Affaires extérieures

Assistant Deputy Minister of Trade and Commerce
to Assistant Under-Secretary of State for External Affairs

Ottawa, February 2, 1960

Dear Ed [Ritchie]:

Wynne Plumptre was good enough to send me a copy of his letter to you of January 27 covering the discussions with Reginald Maudling after the dinner at Earnscliffe on January 26. I think it would be useful if I were also to record my recollection of the rather vigorous exchange I had with Maudling at Ken McGregor's earlier that same evening. You were present for part of the conversation.

By way of introduction I should say that Maudling took the initiative in seeking the opportunity to talk with me and that as is usual with U.K. Ministers he had a particular point of view to advance. Whether he was really hopeful of convincing us of the wisdom of the United Kingdom position or whether he was being provocative to elicit Canadian reactions I cannot say, probably a bit of both.

At the outset Maudling made the point that resolution of the Six - Seven problems in a way which would remove present economic and political tensions in Europe needed to be treated as a matter of urgency. He recognized that non-European interests stood to be affected by solutions which might be found in Europe but considered these were rather secondary and could be dealt with later or be assigned a lower priority. The important thing was to get on

with a European solution to a European problem. I took the position that the European and non-European aspects were intimately mixed, deserved to be treated together and probably could not be dealt with satisfactorily on a separate basis.

Maudling recognized the difficulty which Canada would have with a Six - Seven preferential arrangement and used this as an argument to support the United Kingdom contention that the right solution was a Europe wide free trade area and that this should be accepted by the Six. At this point he referred to the need for European arrangements to be consistent with the GATT and recalled Canada's earlier support for the European free trade area as proposed by the U.K. in 1957. He then endeavoured to project this earlier Canadian support to cover any Europe wide free trade area which the United Kingdom might be able to negotiate in the future. In this connection Maudling seemed to attach considerable importance to an indication received from Dillon in Paris that the U.S. would not object to a Europe wide free trade area which was consistent with the provisions of Article XXIV of the GATT.

I was rather irked by Maudling's effort to get me on record as supporting a new Europe wide free trade area by back reference to the endorsement the Government had given the earlier U.K. initiative.[6] I recalled that Canada's earlier support had been conditioned on the exclusion of agriculture (a feature that was being substantially modified as the 1957/58 negotiations drew to a close) and by insistence that the area be non restrictive and outward looking, I indicated that a number of important developments had taken place since then, for example the break down of the negotiations, the achievement of convertibility, and the extensive removals of QR's. Moreover it seemed to me that resumption of negotiations for a Europe wide free trade area was just not on, at least if my reading of the French position was right. Nor did I think that the U.S., whatever the formal position might be under the GATT, would be very enthusiastic about a free trade area embracing the whole of Europe. Maudling continued to press me on the legal point and in the end I admitted that if a free trade area were to be created in Europe which would be fully consistent with the provisions of Article XXIV of GATT it would be difficult for Canada to object. Maudling seemed to take comfort from this comment.

By this time I had gathered the impression that the British, or at least Maudling, were toying with the idea of pressing for resumed negotiations for a Europe wide free trade area in the Trade Committee. Tactically this struck me as a quite unrealistic starting point, and I said so. I thought that if the British and the Seven were to take this line at the opening of the discussions the meeting would be abortive and the U.K. would again find itself in the position of having put forward a proposal only to have it rejected by the Six. I thought that before any such tactic were employed it would be wise for the U.K. to be a good deal surer of U.S. support, (about which I had doubts) particularly in the light of the unfavourable view which would be taken by the French. Maudling's rejoinder was revealing and disturbing. He asked what the Americans had to do with the resolution of these European problems and added that "the Continent was ours." I grinned grimly at this, but did not pursue the point, only suggesting that if the talks in the Trade Committee were to be fruitful it seemed to me that the wave lengths on which people were operating in London, Paris and Washington would have to be a lot closer than seemed to be the case at present.

By this time, as you will recall, the discussion had become gently heated. I told Maudling that I found it difficult to understand why the United Kingdom with its large and diverse economic and political interests throughout the world seemed so preoccupied with the European position and apparently so little concerned about its own interests elsewhere and the interests of other countries in what was happening in Europe. What was afoot in Europe could

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[6] Voir volume 24, chapitre IV, 1ère partie./See Volume 24, Chapter IV, Part 1.

not fail to affect relations throughout the Western world. I said that in my view the U.K. and other leading Western countries should be looking for solutions to current trade problems which would be responsive to the challenges of the Sixties, including the growing economic competition from the Soviet Bloc and the continuing problem of helping the less developed countries (aid, trade, low cost imports) and the need to ensure that the friendship of the uncommitted countries was not alienated. The U.K. had an important role to play in all this. Imaginative proposals from Europe for the reduction of barriers to trade might evoke or require a U.S. response which would serve the general interest. Maudling took these points but reverted to the vital necessity for the U.K. to secure an early resolution of trade difficulties in Europe.

Towards the end of our talk Maudling appeared to some extent to abandon the party line and to take on a more realistic basis. He assured me that in the 1960/61 negotiations the U.K. would be negotiating with the Six as well as with the U.S. He indicated that the Europe wide free trade area continued to be the U.K.'s aim but that this was a longer term objective. Finally he showed interest in the Benelux proposals[7] for horizontal tariff reductions.[8] I was left with the impression that the U.K. will be endeavouring to head off U.S. and Canadian objection to a "bridge operation" by putting the bridge arrangements in the context of eventual attainment of a Europe wide free trade area consistent with the GATT. I would judge that the U.K. has accepted that a Europe wide free trade area is not in the cards in the immediate future but will direct policy to this ultimate end; this will however not preclude them from interim arrangements on an MFN basis which would keep us, the Americans and other outside countries reasonably happy while further steps for a European type settlement are being evolved.

Yours sincerely,
J.H. WARREN

475. DEA/12447-40

Note pour le sous-secrétaire d'État adjoint aux Affaires extérieures

Memorandum to Assistant Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], February 8, 1960

REORGANIZATION OF THE OEEC — SOME NOTES

The main problems are to decide whether and, if so, how trade and aid matters may be discussed in the new Consultative organization. There is likely to be widely divergent views in particular as to the role the new body would play in trade matters particularly questions arising from the Six and the Seven. The other functions fall into place without much difficulty. There is general agreement that the coordination of economic policies should constitute one of the main functions of the new organization. It is also reasonably clear that many of the current activities of the OEEC outside the field of trade and payments are likely to be continued though perhaps in a reduced or modified form if only because the European countries

[7] Note Marginale :/Marginal note:
The [Luns?] proposal. But Benelux proposal would really constitute a first step towards Europe wide FTA. [A.E. Ritchie]

[8] Voir See *Foreign Relations of the United States, 1958-1960, Vol. VII Part 1* (Washington: United States Government Printing Office, 1993), document 40.

primarily concerned regard them as useful. Canada and the United States may not wish to be associated as full members in some of these residual functions. This would preserve their European character and also avoid Canadian participation in their budgets. The only activities which it seems could be *suppressed entirely* are the vertical committees of the organization. The future of the Ministerial Committee on agriculture poses certain problems. The Europeans will probably wish to continue it. It has done some useful work, but its approach is rather restrictive and regional. If it is to continue, there might be value in getting the USA and Canada to take a more active part, to give a broader outlook. On the other hand if as we hope, effective work and progress can be made in GATT — it might be better to play down or even to suppress this OEEC activity. The ENEA, the EMA, the EPA and the OSTP are already semi-independent and could easily be brought under the new organization without much change.

The drafting of a convention or charter should not be a difficult matter, once the basic decisions about including trade and aid have been taken. The convention of the OEEC was itself fairly short and general. The elaborate structure of committees and detailed rules and obligations relating to trade and payments were developed gradually by the Organization and embodied in separate documents. The new convention or charter could be shorter and simpler than that of the OEEC and in this respect the tentative thinking of the United States would seem to be in the right direction. They have in mind a preamble and some general articles relating to economic cooperation generally and to the intention of contracting parties to follow policies designed to achieve sustainable economic growth, full employment and expansion of trade on a world-wide multilateral basis, an adequate flow of capital for the development of less developed countries, etc. The only institution established would be a council with powers to set up permanent or temporary committees on particular matters. The USA envisage that the organization could pass recommendations, but not decisions, by a qualified (2/3) majority and see no difficulty in this for the USA administration. Recommendations are not formally binding.

The basic issue, however, is whether the new organization should deal in some way with trade policy and aid matters. For both of these it is arguable that discussions of broad policy issues in a restricted body comprising most of the major industrialized and donor countries could be useful in the years ahead in developing and promoting desirable actions by the countries concerned or through world-wide international organizations such as the GATT, IBRD, the IDA of the United Nations. The difficulty in this respect is that the proposed membership would exclude certain important trading countries as well as some major donor countries while minor European countries were included. This objection is perhaps more serious as regards economic assistance than it is for trade matters. An additional and more serious difficulty, however, with respect to trade matters, is the risk that the new organization could in practice undermine the effectiveness and authority of the GATT.

Wyndham White himself, however, seems to have come around to the view that a new consultative organization, for the discussion of broad international commercial policy problems, at a high level, could play a useful role. The implications of this position for his ideas on reorganization of GATT are not clear.

The USA seem to be divided at present between the above view, expressed by Renner, and the view Leddy expressed here and Tuthill in Paris, that while discussion of such trade issues should not be precluded by the terms of the charter, the new organization would not be expected to do much in this field, for fear of undermining GATT. If the problems of the Six and Seven were not resolved by the time the new organization came into being, then it would be possible to continue the work of the ad hoc Committee in the new body.

A new consultative organization where international trade policy issues could be discussed could perhaps usefully take up such issues as low cost imports, agricultural protectionism, trade in tropical products, in addition to problems of the Six and Seven, and lead to solutions consistent with GATT principles which could be finally agreed in GATT.

On balance, it would seem desirable to devise a charter which would not preclude discussions and consultations on broad trade policy problems in the new organization. To obviate the risk that in time such discussions might lead on to decision making which should be reserved for GATT, such discussions might take place in the broader context of discussions on the coordination of economic policies. Some formal link with GATT might, however, be contemplated in the charter.

With regard to aid matters, it would seem desirable not to preclude the possibility that the European countries such as Germany, Italy, Switzerland and others might in time be prepared to embark on substantial bilateral programmes of capital assistance and that there might be a desire to establish a kind of European coordinating committee similar in some respects to the consultative group under the Colombo Plan. This would then involve recipients as participants if the same pattern was to be followed. Meanwhile, it is apparent that Japan will be associated from the start with the work of the aid committee and it is not unlikely that other non-European countries will be brought in. It is difficult to see how such countries could, in practice, agree to be associated with the work of a committee operating under an organization of which they would not be members. It may develop, therefore, that the best course would be for the Ad hoc aid Committee to continue in existence after the new organization comes into force — assuming of course it is considered, in the light of experience, that it is performing useful work. Presumably this committee would meet several times a year. Against the possibility that this conclusion may emerge out of the aid committee's experience during the next eighteen months, it may be desirable to leave the aid question open, in drafting the new charter. The Council would be empowered to discuss broad policy questions, including aid and trade matters. If such countries as Germany, Italy, Switzerland and others should decide to embark upon substantial bilateral aid programmes and if the European countries should wish to set up some consultative machinery on an European basis, this could take place in a Sub-committee of the new organization under the authority of Council. Canada would not presumably wish to be directly involved, but by being a full member could have an opportunity in Council to keep an eye on what was going on. In addition, there would be the broader ad hoc aid committee, including Japan and other non-Europeans meeting occasionally in which we would have the greater interest.

476. DEA/12839-2-40

Le directeur des Contributions et programmes internationaux du ministère des Finances au sous-secrétaire d'État aux Affaires extérieures

Director, International Programmes and Contributions, Department of Finance, to Under-Secretary of State for External Affairs

BY HAND. CONFIDENTIAL. Ottawa, February 9, 1960

Attention: Mr. D.R. Taylor

Dear Sir:

Pursuant to our discussion this morning I am attaching a proposed brief for the Canada – U.S.A. Ministerial Meetings. Any changes might be discussed by phone.

Yours very truly,

S. POLLOCK

[PIÈCE JOINTE/ENCLOSURE]

Note du directeur des Contributions et programmes internationaux du ministère des Finances

Memorandum by Director, International Programmes and Contributions, Department of Finance

CONFIDENTIAL [Ottawa], February 9, 1960

CANADA-U.S.A. MINISTERIAL MEETINGS — ECONOMIC AGENDA — FOLLOW-UP OF PARIS ECONOMIC MEETINGS — CONSULTATION AMONG CAPITAL EXPORTERS

At the Paris meetings the increased capacity and disposition of the European countries to provide aid not only through multilateral organizations like the United Nations and the International Bank but also bilaterally, as Canada has done for nearly ten years, under the Colombo Plan and in other ways was recognized. It was agreed that, pending reconstitution of the OEEC, eight countries should pool their experience and know-how with regard to aid programmes. No financial commitments are involved and no change in Canada's aid programme as included in the estimates for 1960-61 is to be anticipated. The members in this group, in addition to Canada, are Belgium, France, Germany, Italy, Portugal, the United Kingdom and the United States, together with the Commission of the European Economic Community. The Committee has power to add to its members and it has been suggested that Japan should be included. The group will consult with the International Bank and thus avoid overlapping of activities with it or other international institutions. It has been agreed that this group will meet in Washington on March 8-10 and we are making a careful appraisal of the detailed views we might advance in the group. Meanwhile, we will be submitting views to Paris concerning the OEEC reorganization. Our present views would not go beyond those set forth in the brief on which Ministers based their position at the Paris meetings.

In the brief Ministers were advised that "there is no question that there is need for a much greater total volume of effective aid" and that "consultation in the field of aid is desirable." It was further agreed that it would be desirable to "encourage European countries to increase their aid to under-developed countries" and that "it should be possible to spur the Europeans

within the framework of existing institutions or simply by bilateral discussion." In doing so, Canada should guard against being placed in a position where it will be under pressure to extend aid to countries in the region (e.g. Greece and Turkey) which are thought by other members of the group to warrant special attention.

It would not seem essential nor prudent at the forthcoming Canada-U.S.A. Ministerial Meetings to anticipate the conclusions which will emerge from these group discussions. However, our Embassy in Washington has informed us that the United States has included an item on the agenda concerning a "follow-up of Paris economic meetings." Among the items to be discussed under this heading is "consultation among capital exporters." Should this matter be raised, Ministers might indicate that Canada is willing to exchange information and consult on improvements in existing aid procedures while avoiding any commitment to modify national policies or enter into new engagements before the forthcoming discussion in the group of eight at which our detailed views will be advanced.

For the convenience of Ministers the original brief setting forth the detailed considerations involved in further discussion of aid is attached.[9]

477. DEA/12447-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur en Belgique

Secretary of State for External Affairs
to Ambassador in Belgium

TELEGRAM ET-281 Ottawa, February 24, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: Your Tel 90, Feb. 17, 60.†

Repeat Paris, Bonn, Hague, Rome (Information).

By Bag Geneva, Washington, London, NATO Paris, T & C, Stockholm, Oslo from London.

EEC EXTERNAL TARIFF — LIST G[10]

We understand that EEC ministers, when they meet in Rome on February 29, will consider List G duties. For some of these products, including four which are of particular interest to Canada — aluminum, lead, zinc and pulp — complete agreement has not yet been reached. Moreover, it is our impression that the entire group of List G tariffs are being regarded as a package and decisions taken on the outstanding items could lead to a revision of some of the tariffs on other products, e.g., synthetic rubber, where agreement is reported to have been reached. The meeting in Rome may take decisions, therefore, of considerable significance for Canadian exports and we wish the missions to whom this is addressed to make further representations in advance of the Rome meeting to remind governments to which you are accredited (and in the case of Brussels, the EEC Commission as well) of Canada's interests.

2. We leave it to the discretion of each mission to determine how best to present Canadian views at this time. We are setting out below certain specific information concerning four of the items — aluminum, lead, zinc and pulp — in which we have a particular interest, and you should make it clear that the rates being suggested by some members of the Six for these

9 Voir/See document 466.

10 Voir volume 26, chapitre V, 1ère partie./See Volume 26, Chapter V, Part 1.

commodities are far from satisfactory. In your representations you will also no doubt wish to review comments previously submitted concerning our trading interests in raw materials. Moreover, after our discussions in Washington last week and our meetings this week with German officials in Ottawa, it has become clear that it will be very difficult for Canada to assess the implications of the various proposals which are being put forward for implementation on July 1, 1960, until we know what the tariffs are going to be on a number of key items on List G. The effects on Canada of any transitional arrangements proposed over the next few months will also be heavily influenced by the common policy of the Six on agriculture, but we will be proposing other separate representations to you on this in another message.

3. With these general considerations in mind, your representations now on List G should centre on aluminum, lead, zinc and pulp.

4. Mr. Fowler President of Canadian Pulp and Paper Association has raised with officials in Ottawa the Association's serious concern regarding the possibility of a high Common Market tariff being established for wood pulp and has urged that strong representations be made to the Six on this matter.

5. Canada has a substantial interest in the European market for wood pulp. Last year wood pulp sales to the Six amounted to over nine million dollars mainly to France and Germany. Canadian wood pulp now enters the Benelux and Italian markets free of duty. France up until November 1958 admitted Canadian wood pulp duty free and Germany is currently levying rates ranging from free to five per cent. Present tariffs in Germany, Italy and Benelux are bound against increase under the GATT. It would be a matter of serious concern if this trade were to be adversely affected and these tariff arrangements impaired by the establishment of a high Common Market tariff for this basic material. While there is some small production of wood pulp in France the EEC countries including France are heavily dependent on imports for their requirements. Accordingly we find it difficult to understand why any of the EEC countries would wish to impose tariff barriers against this basic import item.

6. You have already received details of our interest in the European market for aluminum. Last year Canada's total exports of aluminum to the EEC countries amounted to about $30 million or more than 10 per cent of Canada's total aluminum sales to all countries. The Canadian aluminum industry has undertaken major investments in the light of the prospective demand in Europe and elsewhere and Canada is now in a position to supply on a continuing basis a large share of the import requirements of the European countries for this basic material. The trade has been developed on the basis of tariff arrangements which have accorded Canada generally duty free entry into European markets. The bulk of our aluminum sales last year was to Germany and entered largely under duty free quotas. Substantial shipments were also made to France last year to meet a short supply situation there and were entered free of duty. In the case of Belgium, our third largest EEC market in 1959, shipments were made free of duty under rates bound in GATT. (There are increasing signs that Belgium is resisting a low tariff for aluminum.) In addition, our sales to Italy are mostly for further processing and re-export so that in effect they receive duty free treatment through a system of rebate of customs duties. While France is a net exporter, all other EEC countries depend heavily on imports for their aluminum requirements. In our view any significant tariff on aluminum would seriously disturb this trade. Detailed discussions have been held regarding the development of an aluminum industry in the associating territories of the EEC countries which have made it clear that a high competitive industry can be established without the need for special tariff advantages in the Common Market. In these circumstances, any tariff discrimination would mean serious disturbance to established trade.

7. Lead and zinc ores now enter European markets free of duty, with the exception of Italy where a 5 per cent tariff is levied. Canada's principal markets in the EEC last year were Belgium and Germany. As far as lead and zinc metals are concerned, sales last year were largely confined to the Netherlands and were accorded duty-free treatment which is bound under the GATT. Reductions in the prohibitive tariff rates of France and Italy though an averaging process would not compensate for the loss of duty-free treatment which has permitted sales to develop to the Netherlands.

478. PCO

Note du secrétaire d'État aux Affaires extérieures, ministre des Finances, et ministre du Commerce pour le Cabinet

Memorandum from Secretary of State for External Affairs, Minister of Finance, and Minister of Trade and Commerce to Cabinet

CABINET DOCUMENT NO. 66-60 [Ottawa], February 29, 1960
CONFIDENTIAL

SUBMISSION OF CANADIAN GOVERNMENT TO COMMITTEE OF FOUR ON RE-ORGANIZATION OF O.E.E.C.

At the Paris meeting it was agreed that a special Committee of Four would be established to report to a conference of the twenty governments on April 21 their recommendations concerning a new organization which might be established between the members for the purpose of furthering economic co-operation, particularly with regard to consultation on aid and trade questions. It was expected that the new organization would replace the existing Organization for European Economic Co-operation which had been established in 1948, and in which Canada has participated as an associate member since 1950.

The Committee of Four, composed of Mr. W. Randolph Burgess of the United States, Mr. Bernard Clappier of France, Sir Paul Gore-Booth of the United Kingdom, and Mr. Xenophon Zolotas of Greece, have now undertaken a study of this question and each of the participating governments has been asked to submit its views to this group.

The Committee of Four have already received the views of almost all the participating governments.

Recommendation

It is recommended that the document attached to this memorandum should be approved as the Canadian submission and that it be presented by Canadian officials in keeping with the practice being followed by other countries.

Submitted by:

[H.C. GREEN]
[DONALD FLEMING]
[GORDON CHURCHILL]

[PIÈCE JOINTE/ENCLOSURE]

Annexe A

Annex A

CONFIDENTIAL [Ottawa], February 29, 1960

SUBMISSION OF CANADIAN GOVERNMENT TO COMMITTEE OF FOUR ON RE-ORGANIZATION OF THE OEEC

1. The Government of Canada attaches great importance to the effort now being made to work out proposals for an improved organization which will continue the useful functions presently being performed by the OEEC and provide effective machinery for closer economic cooperation among the participating countries. Canada hopes and expects to become a full member of the Organization. We look forward to constructive collaboration with other participants both in working out the Charter and procedures of the institution, and in making effective use of the Organization.

2. The final views of the Canadian Government on the nature of the Organization and the detailed provisions of the Charter will, of course, be determined only after there has been an opportunity to consider the report and proposals of the Committee of Four and the views of other Governments. However, we are pleased to have this opportunity to outline, in general terms, our present thinking to the Committee of Four in the hope that this may be of some use to them in the important task in which they are engaged.

General Nature of the Charter

3. The task of the Organization is to help its members to achieve certain broad economic purposes they hold in common. We consider that the Charter should contain a clear statement of these purposes. Such a statement would not only provide the broad terms of reference needed by the Organization itself: it would also, by its nature, provide assurance to countries which are not members that its activities can in no sense be injurious to them but that, on the contrary, they will derive benefits from a successful functioning of the Organization. The purposes of the Organization, as we see the matter, are of the general character outlined in the Paris resolution setting up the Committee of Four: to promote the maximum sustainable rate of growth in the world economy consistent with sound monetary and fiscal policies, to promote full employment and higher living standards, to help in the economic development of the less developed parts of the world, and to aid in the attainment of a world-wide trading system of a non-discriminatory character which provides increasing scope for the healthy expansion of competitive international trade.

4. These objectives are shared by most countries of the Free World, and with respect to certain of the objectives — for example trade and exchange arrangements — international commitments have been entered into and international institutions established by a large number of countries, including most countries which will become members of the Organization now being considered. We think it important that the basic instrument should make it clear that membership in this Organization in no way subtracts from the obligations in the field of trade and exchange policy which participating countries have assumed through their adherence to GATT and their membership in the International Monetary Fund and that these more broadly-based international institutions are recognized as exercising the international authority in these fields. We attach importance to this both because we believe that it is in fact by recognizing the authority of these institutions and collaborating effectively with them that participants in the Organization will best be able to achieve their declared objectives in the field of trade and exchange policy, and because we think it desirable to allay from the outset

any apprehensions of non-participating countries who might feel that there is some risk of a rival authority being set up which will dilute the obligations of certain of the members of GATT and the Fund and weaken the authority of these institutions.

5. The preceding two paragraphs have mentioned the main substantive points which we think should be referred to in the Charter. No doubt some administrative matters relating to organization, etc. would have to be covered also, and we refer to some of these in paragraphs 20 - 25 below. We see advantages in the Charter being a quite brief document, mainly confined as regards substantive matters to a statement of objectives, an undertaking on the part of members to collaborate with each other and through the Organization in seeking to attain these objectives, and a clause of the type suggested in the preceding paragraph safeguarding the full authority of existing international institutions.

Scope of Activities

6. The activities of the Organization would be of various types. A very important activity would be the regular periodic review and consideration of the state of the world economy and the domestic and international economic policies being followed by member countries, European and North American; the purpose of these discussions would be to help members to achieve the broad objectives of the Organization. Other activities would be of a more specialized character and these would include some now being carried out by the OEEC, perhaps with some modification and streamlining. In this category would fall, for example, activities covered by the European Monetary Agreement, the European Nuclear Energy Agency, the European Productivity Agency and, to the extent that these activities continued to be regarded as useful, the work of the so-called vertical committees. No doubt as new problems arose new activities would impose themselves.

7. The Canadian view is that all members should be free to participate in all activities of the Organization. We would not favour a two-tier organization in which all members were permitted to participate in certain of the activities and only the European members in others. No doubt the nature of some of the activities of the Organization will be such that only certain members would desire to participate; but the participation should be on the basis of the interest of the member and not its geographical location. It should be open to each member to participate in such of the activities of the Organization as it wishes.

Economic Policy Consultations

8. The expectation would, of course, be that all members would participate in the general reviews and consideration of domestic and international economic policies. These discussions would constitute a very central part — perhaps the core — of the activities of the Organization, and one to which the Canadian Government attaches great importance. The regular exchange of views among key governmental representatives regarding national economic developments (including their impact on other countries) and trends in the international economy could be increasingly useful in seeking to ensure that the efforts of each of the members of the Organization to achieve its objectives are helped rather than hindered by the actions of others. An intimate knowledge of the problems faced by other countries and of the techniques used to deal with them is an essential part of the process of international economic cooperation. For the discussions of economic policy, the Organization might continue the OEEC practice of preparing statistical information on member countries and the annual economic examination of each participating country. It seems likely that a special body, like the economic policy committee of the OEEC, will be needed to carry out the continuing work in this field and to prepare for the periodic meetings of ministers or of the appropriate senior officials from capitals.

9. It is the strongly held view of the Canadian Government that for this process of consultation and cooperation to be really fruitful and to have the maximum impact on national policies, the main substantive discussions should take place among those who participate in forming and implementing economic policies in the various national capitals.

Trade and Payments Policies

10. The discussions of general economic policy will naturally involve consideration of international trade and payments problems. It may well be that it will be found desirable to set up some special machinery for effective discussion of these matters, but Canada considers that the constitution of the Organization should be permissive rather than mandatory in this respect. From what has been said in paragraph 4 above, it will be apparent that the Canadian Government considers that the general purpose of the discussions in the field of trade and payments is to promote the fulfilment of GATT and IMF objectives and not to diminish in any way the authority of these institutions which will remain the appropriate bodies for operational decisions. The international institutions should, of course, be represented at the Organization's discussions of trade and payments problems.

11. The Canadian Government assumes that the OEEC Liberalization Code will be allowed to lapse. It has played a useful role during the past decade in promoting intra-European trade liberalization and has attained a high degree of success in achieving its objectives. In view of the very striking and welcome improvement in the international financial position of European countries reflected in part in the widespread convertibility of European currencies, there is no longer any basis for regional as distinct from world-wide liberalization of trade and payments. This fact was registered in decisions of the IMF and GATT taken in the last months of 1959 and in the action taken and promised by many European countries to eliminate discrimination from their import systems. It would be anachronistic to incorporate into the present Charter any liberalization rules of a regional character. It would, moreover, risk conflicting with the authority of GATT and undermining its effectiveness if the organization were to promulgate a special set of trade rules which applied only to those members of GATT which were also members of the Organization. Even if the purpose of such rules were to require members, in the event of future balance of payments difficulties, to follow a more rigorous standard of conduct as regards import restrictions than that which might be authorized by GATT we would still regard the introduction of a special code as unwise. It would arouse suspicion on the part of non-members that members of the Organization might be establishing machinery to accommodate each other at the expense of outsiders in the event that they were to run into balance of payments difficulties at some time in the future and be authorized by GATT to impose import restrictions.

International Development Aid Activities

12. It appears to be generally agreed that the Council of the Organization should be empowered to discuss development aid policies and activities. Canada would be glad to participate in discussions aimed at increasing the effectiveness of contributions to the development of under-developed countries, through the exchange of information and improved co-operation in aid activities. It may be that some European members will wish to establish, under the Council, a sub-committee of those members interested in the separate examination of the development problems of certain European countries.

13. The question will arise as to the relationship between this Organization and the Development Assistance Group which was established at the Paris meetings in January. It may be desirable for other countries such as Japan to participate in the work of the DAG. It is essential to leave the Group free to carry out its work as effectively as possible and in particular to leave it free to determine its own composition. It is therefore too early to assume

that an organic relationship between the Organization and the DAG will be feasible or desirable.

Other Activities

14. All the existing activities of the OEEC should be carefully examined to determine which are still valuable and might usefully be carried over into the Organization. It is our impression that some of these activities, particularly perhaps those of some *vertical committees*, have outlived their usefulness, and if so they should be dropped.

15. As regards *agriculture*, account should be taken in drafting the Charter of the role played by existing international bodies in this field. The effect of agricultural policies on international trade generally and on the trade of particular countries are the subject of detailed discussions in GATT. In addition, the effectiveness and adequacy of agricultural policy in raising yields, improving distribution etc. are discussed in the FAO. In the course of consideration of general economic policies and their effect on trade, agricultural questions will of course arise. It is, however, not altogether clear what special activities the Organization could appropriately carry out in this field. If it were decided that the Organization should have a specific role to play in connection with agriculture the Canadian view is that it should be carried out within the general framework of the Organization and against the general objectives set out in the Charter.

16. We assume that the European countries will wish to continue the *European Monetary Agreement*. This would be a separate but affiliated body of the Organization with its own resources. Canada has not committed funds to the EMA and would not expect to become a member.

17. *The European Nuclear Energy Agency* might continue functioning on the present basis. Any new joint projects would be separately financed, with administrative expenses coming under the general budget of the Organization. Each country would be free to decide on an ad hoc basis whether to take part and to contribute financially to particular initiatives and projects.

18. Canada has not so far been a member of the EPA, but has contributed the services of a limited number of experts. We understand that a number of proposals have been made for reconstituting the EPA, including the possible absorption of the OSTP and the relating of technical assistance activities to the work of the Organization in connection with development aid. The Canadian government will be prepared to consider the question of Canadian membership when definite proposals are drawn up.

19. Useful work has been done by the OEEC in the past in facilitating international scientific co-operation, and it is assumed that the Constitution of the Organization would permit work of this type.

Organization: Secretary-General: Decisions and Recommendations

20. The general structure of the OEEC appears to have worked satisfactorily. The central body of the Organization would presumably again be a Council made up of all members, which would meet regularly at the level of Ministers, permanent representatives and senior officials from capitals as appropriate. The Council would be empowered to discuss economic policies, trade and payments, and development aid and to review the activities of the agencies and committees operating under its authority. It would also have the power to set up subordinate committees on an ad hoc or permanent basis which might, in appropriate cases, include non-members.

21. Membership in the Organization should from the beginning be open to at least all members and associate members of the OEEC. There should be provision permitting the

membership of other countries in, or association with the work of, the Organization should the need arise.

22. Meetings should be open for the participation of the GATT, the IMF and the IBRD, as required, and there should be liaison, as appropriate, with the activities of the United Nations and other organizations and institutions.

23. All member governments would contribute to the general administrative budget of the Organization in accordance with an agreed scale. The expenses relating to operational activities or projects of the specialized agencies of the Organization should be covered by separate budgets to which those countries participating would contribute.

24. The Secretary-General should be a man of international standing. He should preside at meetings of the Council, except possibly those attended by Ministers, and at meetings of committees dealing with matters of broad general interest. He should have the right to propose items for consideration of the Council and its subsidiary bodies.

25. The Organization should have full authority to take decisions on all matters with regard to which it exercises executive responsibility. Its operating agencies, such as EMA and EPA, must clearly be in a position to reach firm decisions regarding the assistance they will give members. The Council should decide its own budget and have power to order staff studies and to undertake new activities in fields lying within its competence. On matters with regard to which the Organization does not exercise executive responsibility but in respect of which the conclusions reached in the Organization can only be made effective by action on the part of individual governments, it is our view that it would be undesirable and confusing for the Organization to appear to be taking decisions. We believe that in the normal course, the way that governments are most likely to be influenced by the Organization is through the process of discussion itself, particularly if it takes place among key officials with operating responsibilities, rather than through any formal action taken by the Council by way of "decision" or "recommendation." There may, of course, be cases where the process of consultation can with advantage be summed up, and made more pointed, in the form of agreed "conclusions." There may also be situations where it is desirable for the Organization to go further and make recommendations to its members and provision should be made for this; but we believe that the recommendations of the Organization will carry more weight if this power is used only sparingly. Decisions and recommendations should be by unanimous vote of all members, but any member should be free to withdraw from the scope of the decision or recommendation by declaring his abstention. Decisions and recommendations requiring the action of national governments for their implementation would, of course, not be binding on members, but members would naturally be expected to give them the most serious consideration.[11]

[11] Approuvé par le Cabinet le 1er mars 1960./Approved by Cabinet on March 1, 1960.

479. PCO/F-2-4(b)

Le sous-ministre adjoint du Commerce
au sous-secrétaire d'État adjoint aux Affaires extérieures

Assistant Deputy Minister of Trade and Commerce
to Assistant Under-Secretary of State for External Affairs

CONFIDENTIAL Ottawa, March 9, 1960

Dear Mr. Ritchie:

CANADIAN SUBMISSION TO THE GROUP OF FOUR
ON THE RECONSTITUTION OF THE OEEC

By now you will have received Peter Towe's message covering the meeting with the Committee of Four in Paris.† On the whole our submission was well received, and had an impact, but I doubt if we converted the "wise men" to the fullness of our views on the code of liberalization or with respect to decision making powers for the new organization. My impression was that each of the Four had pretty well made up his mind on what the institution should be empowered to do and that they were approaching the stage of trying to bring their still somewhat divergent views together for purposes of the draft Charter and report.

I was not strongly pressed to defend the Canadian position on the undesirability of having special trade rules for the member countries. However to some extent this may be explained by the announced U.S. willingness to examine what, if any, elements of the code of liberalization might usefully be carried forward. In this circumstance the protagonists of trade rules may have considered that at this time it was not necessary to debate the fundamental issue with Canada. While I understand that there is no present proposal to embody or make reference to new trade rules in the draft Charter I would be surprised if at the negotiating conference in April there is not a strong move to set in train a study of the existing code and its possible partial application in the future. We shall have to decide whether to oppose such a study or go along with it and demonstrate that there is no place for special trade rules under the new organization. My own preference would be to avoid becoming involved in a detailed reappraisal of the code but this may be difficult to achieve unless the present American position can be stiffened.

Most of the discussion with the Four centered around our views with respect to the taking of decisions by the new organization. This is a subject of great confusion and the problem may be more of language than of fact and more psychological than real. It was strongly represented to us that, having regard to past OEEC practices and the rules of procedure which must be observed in connection with the application of Articles 13 and 14 of the OEEC Charter, there was really no question of the Organization as such taking significant decisions in fields where executive responsibility lies with national governments, or at least that no such decisions would ever be taken by the Organization unless the member governments concerned were prepared in advance to agree to implement them. It was repeatedly emphasized that no decision could be taken unless all the member governments were agreed and that if a member government did not agree it could either veto the matter or abstain under Article 14.

Zolotas and Gore-Booth made a good deal of the point that whatever is the real nature of the present decision taking power of the OEEC, the European countries attach importance to it and would feel that the Organization was being substantially weakened if the right to take decisions of the kind presently agreed from time to time in the OEEC were to be withdrawn. The Four were prepared to accept that the existing provisions were ambiguous, that the power of the OEEC to decide was in practice limited and that if one were starting from scratch the

provisions should be written more precisely and more realistically. However, the present wording was there, the history of decision taking had to be taken into account and the Europeans would strongly oppose any substantial subtraction from the existing authority. On the other hand there was recognition of the logic of our position and that the existing provisions would cause us, and probably the U.S., genuine difficulties. We may therefore expect the Four to propose some changes in the present language but the revisions may not go as far as we would wish.

We learnt on Friday morning at a meeting with Tuthill and Renner that Burgess was proposing during the weekend or early this week to circulate to his three colleagues a first draft of a proposed new Charter. On a personal basis Renner gave us a copy of the first draft he had prepared and I am attaching a copy.† In the time available Peter Towe and I addressed ourselves to the proposed provisions concerning the powers of the Organization with respect to decisions. We worked out with Renner and Tuthill possible new wording to replaces Articles 13 and 14 of the present Charter (or Articles 4 and 5 of the U.S. draft) and I am attaching a copy.† Something along these lines may go into the draft which Burgess will circulate. On the other hand we may wish to stay closer to the existing language on "decisions." You may wish to note particularly sub-paragraph (b) of the first Article which rather than giving the Organization the right to take decisions would provide that the member governments acting through the Council may enter into agreements to be recorded with the Organization. The Americans preferred the inclusion of the words in square brackets which would provide that such agreements would be recorded with the Organization "as decisions."

I think it would be worthwhile in preparation for what may emerge from the Four, and the discussions in Paris later in April, if we were to look again at the present decision taking capacities of the OEEC. It may be that the Europeans are not really asking for powers to be given to the Organization of the kind we would oppose and that common ground can be found. Peter Towe suggested that we should carefully examine the present rules of procedure, Articles 17 and 18, a legal paper prepared by Elkin of the OEEC Secretariat which was sent to your Department under covering letter some time last month and the nature of the "decisions" which the OEEC has in fact taken during recent years. Perhaps some one in your Department could review this material. If in substance there is no real disagreement then in the end it should not prove too difficult to find the right words. Perhaps something along the lines of the text we worked out with the Americans would do the trick.

Incidentally I had the impression that as regards decision taking by the new Organization Burgess was out in front of Tuthill and Tuthill was ahead of Washington. Burgess made the point that in the light of USSR ability to decide on a course of action it was important that the 20 Governments should improve their capacity to act together. From this point of view it was important for the Organization to be able to take significant decisions; if this power were not available the Organization might deteriorate into a mere discussion forum. We argued the contrary case pretty vigorously but Burgess seemed to have his mind pretty well made up. Tuthill seemed much more aware of the difficulties for the U.S. Administration and Congress of a provision in the Charter which would appear to give the Organization real decision taking power. He felt however that the difficulty might be overcome if it were made clear in the Charter that it was not the Organization which would be taking such decision, but the member governments. We gathered from Tuthill that U.S. officials were looking very carefully at this whole question of decision taking. No doubt Maurice Schwarzmann will be keeping us informed of the development of Washington thinking on this matter.

Although we may not formally hear again from the "wise men" until they circulate the draft Charter I think that some effort may be made informally to reconcile divergent views before the Charter is circulated. If this course is followed it may be that our U.S. contacts may shortly be consulting us about certain of the points on which North American or Canadian views differ from those which have been presented by the various European countries.

Yours sincerely,

J.H. WARREN

480.

DEA/12447-40

L'ambassadeur en Belgique
au secrétaire d'État aux Affaires extérieures

Ambassador in Belgium
to Secretary of State for External Affairs

TELEGRAM 170

Brussels, March 22, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: Our Tel 148 Mar 11.†

Repeat London, Washington, NATO Paris, Paris, Rome, Bonn, Geneva, Hague, T and C Ottawa, Dept Finance Ottawa, Bank of Canada Ottawa from Ottawa (Information).

EEC EXTERNAL TARIFF — LIST G DECISIONS

We are now told that List G protocols will not repeat not be available for about ten days. However, Belgian Foreign Office gave us unofficial text of the aluminum and pulp protocols which are being airmailed tomorrow. From these and talks with officials of the Secretariat of the Council of Ministers, following appears to be the substance of the protocols of interest to Canada.

2. Fish Commission will authorize under Article (3) tariff quotas for Germany on fresh, chilled or frozen herring, sprats, mackerel and other sea fish (item B1 A, B and C of 03.01); for Italy on salt cod etc. (items A1 (B) and A 11(A) of 03.02).

3. Pulp for paper: Member states are authorized to open duly informing the Commission, tariff quotas at reduced or nil rates of duty covering their entire requirements, provided that all such imports are effectively converted within the importing state. Member states agree not repeat not to invoke the existence of tariff quotas so opened as an objection to the free circulation within the Community of the products thus converted. It is expected that all member states with the exception of France will avail themselves of this procedure. (After December 31, 1966 the Council may make changes in this system under Article 28.)

4. Ferro-Alloys Commission will grant tariff quotas with exemption from duty up to the end of the second stage for several products (items A 11, C, D, E, I, part of G (ferro-tungsten), H and I J-I (ferro-nickel) of 73.02) in the case of Benelux and for item D in the case of Germany. For the third stage, member states may apply for tariff quotas under Article 28(2).

5. Unwrought Aluminum (76.01A): Dating from the first alignment with the common external tariff, the Commission will authorize Germany and Benelux at their request to open annual tariff quotas subject to a duty of 5 percent for the import requirements of their converting industries, provided metal so imported is effectively converted within the importing state. These quotas may not repeat not exceed the limits beyond which an abnormal activity on the part of such industries, to the detriment of other member states, becomes apparent. (Note: original draft used "is to be feared," the language of Article 28(2) instead of "becomes

apparent".) The Commission may take steps to revise the quotas thus opened in proportion to any fluctuations in the import requirements of the industries concerned.

6. Aluminum Waste (77.01B); Unwrought Magnesium (77.01A) and Magnesium Waste (77.01 B1): Any member states may be authorized by the Commission to open tariff quotas in accordance with Article 28(2).

7. Unwrought Lead (78.01 A) and Zinc (79.01 A): Dating from the first alignment with the common external tariff, the Commission shall grant duty-free tariff quotas for 20 percent of the requirements of Germany for lead and zinc, of Belgium for lead only, and of The Netherlands for both metals but with annual minimum quotas of 40,000 tons of lead and 10,000 tons of zinc. These minimum quotas amount to nearly 100 percent of The Netherlands requirements. Member states also agreed pursuant to Article 226 of the treaty to the isolation of the Italian market for lead and zinc vis-à-vis themselves as well as third countries for a period of 6 years.

8. According to Bernard of the Belgian Foreign Office the application of the systems of tariff quotas except where specifically limited, is not repeat not restricted to the transition period. They will continue to apply unless cancelled or altered by the Council in accordance with the treaty.

481. PCO

Note du ministre du Commerce pour le Cabinet

Memorandum from Minister of Trade and Commerce to Cabinet

CABINET DOCUMENT NO. 95-60 [Ottawa], March 23, 1960

CONFIDENTIAL

GUIDANCE FOR CANADIAN DELEGATION TO PARIS TRADE MEETING

The Trade Committee, established at the January meetings on economic cooperation, and comprised of the eighteen OEEC member countries, Canada, and the United States, together with the Commission of EEC, will meet in Paris commencing March 29th. It is proposed that Canada be represented at the meeting and that the Canadian delegation be composed as follows — Mr. J.H. Warren, Assistant Deputy Minister, Department of Trade and Commerce (head of delegation); Mr. S.S. Reisman, Department of Finance; Mr. G. Stoner, Department of External Affairs, and Mr. R.E. Latimer, Department of Trade and Commerce. Officers from the Canadian mission in Paris will be included in the delegation.

It is expected that discussions at the meeting will largely concentrate on future trade relations between EFTA countries (the Seven) and EEC (the Six), and between these groups and other countries. Under the EEC Treaty and the EFTA Convention, tariffs on internal trade within the two groups will be progressively eliminated and in addition, the EEC countries will move in stages towards a common external tariff. The movement towards the common tariff will involve some steps upward and some steps downward in the individual tariffs of a number of countries. It should be borne in mind that under these arrangements a number of Canadian products will still enter the European markets free of duty or at low rates. Moreover, there will be some advantages for Canadian trade in the reductions from high tariff levels in EEC countries, although it is difficult to assess the extent of these benefits for Canada. It should also

be borne in mind that Canada should stand to benefit over the long term from the expansion in the European economies which it is hoped will result from closer economic integration.

The immediate problem at the Paris meeting will be to explore means of avoiding trade discrimination in Europe from developing through the implementation of the EFTA and EEC arrangements, while, at the same time insuring that whatever action is taken should not adversely affect the trade interests of outside countries, including Canada. The United Kingdom and other EFTA countries are scheduled to take the first steps in eliminating internal tariffs between themselves on July 1st. The second step in the removal of internal tariff barriers among the EEC group is also scheduled for July 1st. Unless some arrangements are made, these moves would involve the development of tariff discrimination between the two European groups. Canada has a major interest in seeking to ensure that whatever arrangements are worked out should neither impair our present access to the markets of the European countries, nor our opportunity in sharing in their future growth, within the limitations inevitably inherent in the creation of customs unions and free trade areas.

Various possible arrangements have been discussed within the two groups to deal with the problem. It is expected that the Six may be prepared to discuss arrangements along the following lines, to become effective on July 1, 1960.

(a) The reduction of the proposed common external tariff by 20% on the understanding that there would be some reciprocity through tariff concessions by other countries, particularly the U.S. and EFTA countries.

(b) The extension of their internal tariff cuts of 20% to outside countries on an MFN basis in so far as such cuts do not reduce national tariffs below the level of the proposed common external tariff, reduced by 20%.

(c) On July 1st, 1960, taking the first steps in the movement towards the revised level of the proposed common external tariff, instead of on January 1, 1962, as scheduled under the Rome Treaty. This would entail some immediate though limited increases on July 1 of the low tariffs.

The United States has indicated clear support for such arrangements. United States support implies a willingness to take into account the reduction in the proposed common market tariff in the forthcoming GATT tariff negotiations. It also reflects their support for the early implementation of the Rome Treaty and the advantages to the United States of a 20% cut in the level of the proposed common tariff because of the wide range of semi-processed and manufactured goods which they sell to Europe.

Implications are that the Seven, for their part, would be prepared to consider extending some of their 20% internal tariff cuts on July 1 to the Six, and other countries, on the basis of effective reciprocity. However, they have indicated strong opposition to any acceleration in the implementation of the common market tariff.

Implications for Canada

The implication for Canada of these possible arrangements must be considered in terms of Canada's trade interests in the European markets. Eighty-five per cent of Canada's exports to the European Six are made up of industrial raw materials and basic foodstuffs. The bulk of the trade is in a relatively narrow range of products, with some 20 items accounting for over 80% of our total export sales in 1959, e.g. wheat, aluminum, synthetic rubber, wood pulp. Seventy-five per cent of these sales are to the relatively low tariff countries of the EEC — Benelux and Germany. France and Italy, which are the higher tariff countries, are of less importance in terms of Canada's overall sales to the Six, though for some items, e.g. pulp, synthetic rubber and salt cod, they provide important export outlets for Canada. At the present time, the greater part of Canada's total sales to the EEC countries enter free of duty, or at low rates. Many of these rates have been negotiated and bound against increase under the GATT.

The proposed common market tariff would involve substantial increases in the rates of duties for some of these items. A number of products of importance to Canada would continue to enter the common market free of duty or at a low rate under the proposed common market tariff, e.g. synthetic rubber, lead and zinc ores, asbestos. There would be some reductions in the higher tariff countries. However, these benefits would not compensate for increases in the rates of duty in the low tariff countries which are our largest markets. A reduction by 20% in the proposed common market tariff would, of course, be a step in the right direction, but even then would still involve substantially higher tariffs than are now applied on the bulk of Canada's exports to the Six. The immediate effect for Canada of the acceleration in the implementation of the common market tariff would generally be to increase on July 1 of this year the rates of duty presently being applied to Canadian goods by Benelux and Germany. Inevitably, some tariff increases will occur. However, these are not scheduled to take place before January 1, 1962. Tariff increases on July 1, in advance of the renegotiation called for under GATT, would affect the contractual obligations of the Six towards Canada. Under GATT, any such modification should follow rather than precede renegotiation.

A further major aspect of Canada's trade with Europe relates to the importance of Canada's agricultural exports. These account for over 40% of our total sales to the European Six, and any arrangements to deal with the trade relations between the Common Market and outside countries should, from Canada's point of view, provide reasonable access for agricultural products. The above arrangements refer only to tariff barriers to trade and do not deal with other impediments, such as additional import levies and quantitative controls which are envisaged in the common market agricultural arrangements. It would probably not be appropriate to press for detailed consideration of this agricultural problem at the Paris meetings. The EEC countries and the United States believe that such discussions would be premature. Moreover, other important agricultural exporting countries, such as Australia and New Zealand would not be present. However, it would be desirable to make it clear that a satisfactory solution to the trade in agriculture is essential from the point of view of Canadian trade interests. Further, the delegation should explore the possibility of effective high level consultation at an early date on agriculture between the Six, and the major agricultural exporting countries, including Canada, the United States, Australia and New Zealand, of a type which would contribute to rather than derogate from the consultations required in GATT.

To the extent that the EFTA countries were similarly to extend their internal tariff cuts to the Six, and other countries, on a most-favoured-nation basis, Canada's preferential access to the UK market would be adversely affected, beyond what would be involved in the normal EFTA arrangement. It is difficult to assess the impact of this in volume terms — the preferences in the U.K. of particular importance to us are in the more highly processed and manufactured goods where sales have until recently been restricted through UK balance of payments controls. Moreover, some 60% of Canada's exports to the United Kingdom do not now enjoy preferential tariff access. However, there are some manufactured products where reductions in the preferential margin would be of concern to Canadian exporters, particularly where they must compete with United States suppliers.

For Canada the important thing is the level of the Common Market tariff and not the other arrangements proposed for July 1st. It would appear that, unless lower Common Market tariff levels can be secured for certain products of interest to Canada and reasonable arrangements made for agriculture, the various proposals for July 1st, including the 20% reduction of the Common Market tariff, would, on balance, result in less favourable tariff access for Canada than at present. The Six will be seeking compensation for the 20% reduction in the level of the proposed common tariff. From the above, however, it is clear that we could not be expected to pay any compensation by concessions in the Canadian tariff. On the contrary, it will be necessary for Canada to seek further reductions in certain items in the common tariff. We

should not, of course, oppose the general lowering of tariffs which these arrangements would involve and from which, in the long run, we would stand to benefit. We should not oppose the principle of acceleration of the implementation of the Common Market but should resist any increases in bound rates by individual members of the Six on products of importance to Canada in advance of the renegotiations called for in GATT.

Recommendations

It is recommended that the Canadian delegation to the Paris Trade Committee should be guided by the above considerations, and should seek to protect Canadian access to the European market and Canada's participation in the future expansion of this market.[12]

GORDON M. CHURCHILL

482.

DEA/12839-1-40

Le haut-commissaire au Royaume Uni au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom to Secretary of State for External Affairs

TELEGRAM 1282

London, April 26, 1960

CONFIDENTIAL. OPIMMEDIATE.

Repeat Paris, NATO Paris, Washington, Permis New York, Brussels, Bonn, Hague, Geneva, Rome (OpImmediate) (Information).

Repeat T and C Ottawa, Finance Ottawa, Bank of Canada Ottawa, Agriculture Ottawa, PCO Ottawa (OpImmediate) from Ottawa.

By Bag Oslo, Copenhagen, Stockholm, Berne, Vienna, Dublin, Athens, Ankara, Madrid, Lisbon from London.

RECONSTITUTION OF OEEC

Rasminsky, Warren, Towe and Plumptre have discussed the report of the Group of Four[13] with Canada House officials. Our suggestions are as follows:

2. Canadian representatives at the forthcoming meeting in Paris should be instructed to express, without specific commitment, general approval of the report. We believe that the draft convention appended to the report reflects most of the important points and also the general flavour of Canadian position as contained in the submission of Canadian Government to the group dated February 29.

3. Subject to what is said below, Canadian submission should be used by Canadian representatives as a guide to giving further support, as required, to particular points appearing in the report.

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[12] Approuvé par le Cabinet le 24 mars 1960./Approved by Cabinet on March 24, 1960.

[13] Voir W. Randolph Burgess et al., *Une organisation économique rénovée : Rapport du groupe des quatre crée par la Résolution du 14 janvier 1960 adoptéee par les vingt gouvernements et la Commission de la Communauté économique européenne* (Paris, Organisation de coopération et de développement économique, 1960).

See W. Randolph Burgess et al., *A Remodelled Economic Organisation. A Report by the Group of Four, established by the resolution of January 14, 1960 of the twenty governments, members or associate members, of O.E.E.C. and the Commission of the European Economic Community* (Paris: Organisation for European Economic Cooperation, 1960).

4. The Committee in its report has made it clear that all Europeans attach great importance to maintaining the powers of the Organization to take decisions and make recommendations. The provisions as drafted appear to us adequately to safeguard our interests since decisions and recommendations have to be unanimous and any country wishing to do so can opt out by abstaining. It is clear to us that it would not repeat not be possible to obtain any support for a convention which did not repeat not give the Organization at least the suggested powers to take decisions and to recommend.

5. The report raises points relating to the procedure for transforming OEEC into OECD. These appear chiefly in Chapter VIII on transitional problems. We consider that these proposals conform to Canadian interests and should be supported. In particular, support should be given to the proposal that all existing OEEC decisions and recommendations should be reviewed with care and that only those acceptable to all members of the new organization should be continued in force. You should know that this procedure may be opposed by certain European countries. The alternative procedure they propose under which decisions and recommendations should continue in force unless specifically rejected, would place Canada and USA in a difficult and invidious position. Our representatives should be instructed that this alternative proposal is not repeat not acceptable to Canada.

6. We believe that Canadian representatives should be instructed to support proposal for a ministerial meeting to approve a draft convention. This meeting, as the report recommends, should precede, not repeat not succeed, the detailed review of existing decisions and recommendations. If the meeting were to be delayed until the conclusion of this review we might come under heavy pressure to accept continuance of objectionable decisions and recommendations.

7. Canadian representatives should emphasize that the financial articles, when drafted, should conform to those proposals of the report which envisage that, while all activities should be open to all members, some activities may be pursued (and presumably financed) by particular groups of members with particular interests.

8. The proposal to include in the convention provisions for an executive committee of limited membership may present real problems. We question whether OECD with its stronger Secretary General and its essentially consultative functions will need a formal executive committee. The present OEEC executive has limited membership and has latterly been of limited usefulness. However, since we became associate members in 1950 both USA and ourselves have been on it. Canada might be left off the executive of OECD, particularly if, as the report suggests, the membership is to be substantially less that in the OEEC. In any case if there is to be an executive committee of limited membership Canadian representatives should seek arrangements that ensure our membership.

483. DEA/12447-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL Ottawa, April 26, 1960

POLITICAL SIGNIFICANCE OF EUROPEAN TRADING DEVELOPMENTS

Mr. Luns, the Dutch Foreign Minister, has indicated that he wishes to discuss with you in Istanbul[14] the current situation and prospects for a solution in the trade dispute between the Six and the Seven.

Mr. Luns is Chairman of the Paris Trade Committee of 20 countries which held its first inconclusive meeting in Paris last month. Since then he has consulted other Ministers in a number of European capitals in an effort to find a compromise which would contribute to the solution of the trade dispute between the Six and the Seven, and at the same time be acceptable to the other OEEC Governments, including Canada and the United States, which make up the Trade Committee. The attached message† from our NATO mission reports on Mr. Léger's recent discussions with Mr. Luns which, in large part, were concerned with the Dutch Minister's attempts to find at least a short-run solution which would minimize discrimination in Europe on July 1 when certain steps are contemplated by both the Common Market and EFTA. In essence, Mr. Luns favours some deferment in the proposal to accelerate the implementation of the Common Market schedule and the establishment of the Common Tariff against outside countries. From his participation in the Paris Trade Committee and his discussion with Mr. Léger, Mr. Luns is probably aware of Canada's trade concerns which are only partially met by his proposal, as reported in NATO's telegram 1171 (attached).†

In addition to exploring our views on short term trade possibilities, Mr. Luns will surely raise with you the political implications arising from the creation of the Six and the Seven. These are quite inseparable from the economic and commercial aspects. Historically, political factors have been predominant in the post-war trend towards integration in Europe which began with the Marshall Plan. At first, this movement was channelled through the OEEC; however, when the Six decided to proceed further towards economic and political integration, the United Kingdom and other OEEC countries were not prepared to go along. To reconcile these difficulties the United Kingdom proposed an OEEC-wide free trade area embracing the Six as a unit, but without the economic obligations or the political objectives of the Common Market. This failed, but the non-Six OEEC countries, and in particular the Seven, who have banded together in self-defence, have never forsaken this objective. Today there is a conflict of interests and an intensity of feeling between the Six and the Seven which can not be explained exclusively in commercial terms. The economic split in Europe has been exaggerated in many respects, but Mr. Macmillan's recent statements in Washington reveal the basic and symptomatic tensions which are present today. In essence, the United Kingdom Prime Minister warned that NATO could be divided politically and in the defence field unless a solution to the economic dispute were found. At the foot of this is the growing strength and significance, economically and politically, of the Common Market.

To understand the changing role which Europe will probably play in the '60's, it is important to remember that if the Six become a single economic unit (in 10 years or less, as

[14] Voir chapitre II, première partie./See Chapter II, Part 1.

now planned) it will constitute a super power comparable to the United States and the USSR. Of its population of 165 million, 73 million form the working force of the Common Market (as compared with 70 million in the United States). The Six are the world's second largest producer of automobiles (with production growing faster than in the United States), steel, and (with the Soviet Union) of coal.

The Six as an industrial unit of tremendous power will have a major influence on the economic progress of the under-developed countries everywhere. The EEC is already the world's largest importer, particularly for raw materials. It is thus in a dominant trade position in relation to under-developed countries. Within their own arrangements they encompass a number of overseas territories, largely in Africa, all of whom are in a sensitive stage of political development, and many of whom have an important economic potential, particularly for the production of raw materials, some of which are exported by Canada. They are already providing substantial aid to these territories and have an extensive capacity to export capital and provide attractive export credit facilities.

Thus it is not difficult to understand that the Seven (particularly the United Kingdom) fear the possibility that the EEC will become the centre of influence in Europe, if this is not already the case. Indeed, from the point of view of the United Kingdom, there is likely to be a change in the existing power relationships in the world. The Six form a compact economic group, and despite the adjustments involved, the Common Market is likely to spur a rapid rate of economic growth which could outstrip the United Kingdom. Already United States investments are shifting to the EEC, which is now an attractive magnet for long-term capital. The EFTA countries stand to lose their traditional access to the markets of the Six on a fully competitive basis.

The United States attitude strongly reflects the belief that essential political benefits will derive from an integrated Europe. While the State Department has consistently supported the plans of the Six since their inception, the open support of the United States Government for the Common Market is now clearly disturbing to the Seven. In EFTA, the United States see none of the political advantages of the EEC. They have also tended to be opposed to the creation of a wider Western European Free Trade Area of most OEEC countries, since this might lead to new discrimination against United States exports. At the same time, largely at the initiative of Mr. Dillon, the United States Administration have shown an increasing awareness of the need to prevent the present dispute from degenerating into a serious political split within the Western alliance. This led to the United States initiative to establish the Paris Trade Committee and to reorganize the OEEC along lines which might maintain and strengthen Western solidarity on a broader basis in the 1960's. In these years the policies of the Common Market will have a profound effect, for good or for ill, on the direction of United States commercial policies with all the implications that this has for Canada. At the same time as they were urging new co-operation between Western Europe and North America for the long term, the United States have also been seeking to develop shorter term commercial solutions within the framework of GATT. They support acceleration of the Common Market in return for an across-the-board reduction in the common tariff of the Six and a general but vague understanding that concessions between the Six, the Seven and the United States could be negotiated and generalized to the rest of the world at the Tariff Conference of GATT which begins this autumn.

These trading developments in Europe have been of great interest to the Soviet Union. From the beginning they have opposed the hard core political and economic integration plans of the Six. They have also reacted strongly to the creation of the EFTA, which involves traditional neutrals and some of its important trading partners. The USSR have demanded MFN treatment from both groups. In a recent and surprise move the USSR have indicated its

willingness to join in the revised OEEC. This may be a delaying or mischievous move. But it could also indicate the growing Soviet concern with these developments in political terms; and it could foreshadow some change in Soviet policy inspired by a desire to trade more actively with the West and with Europe in particular.

What does all this mean for Canada? In commercial terms, Western Europe and the United Kingdom are important markets for us, largely for agricultural products and industrial raw materials. We have made it unmistakably clear in the Trade Committee and in separate representations to both the EEC and to the Seven that competitive access to their markets for traditional Canadian exports is essential for us. For the EEC this has meant in the main that we have urged non-restrictive agricultural policies and zero or very low tariffs for raw materials. The proposed Common Tariff seems excessive to us for some items, e.g., aluminum. As far as acceleration of the Common Market is concerned we have not been opposed in principle, but have urged that there should be no upward acceleration towards the Common Tariff until the contractual obligations under GATT are satisfied.

Our position in trade terms, while far from re-assuring, has been relatively clear cut. Canada's relationship in political terms to the Six and the Seven and their dispute is more complex. On various occasions Canadian Ministers have expressed understanding with the broad political and economic objectives of the EEC. Chancellor Adenauer and President de Gaulle have both declared Franco-German amity as a cornerstone of their policies. Canada has clearly given its support to this implied objective of the EEC, of binding Germany to the West. At the same time there are indications that de Gaulle in particular, without supporting the supra-national aspects of the EEC, looks to closer political consultations among the Six on issues not necessarily confined to the economic purview of the EEC. These developments have given rise to fears in NATO countries (including some of the smaller members of the Six) that political consultation in NATO might be compromised.

The tendency towards economic regionalism of course has placed some of the larger countries, France, Germany and the United Kingdom, in the position, sometimes challenged, as spokesmen for their various blocs. We have, of course, resisted any impression that North America might be considered an economic region with the same implications for the role of the United States.

We have also recognized that the current developments place the United Kingdom in an awkward position both in terms of its trade with Europe and its prestige in the Anglo-American partnership. Nevertheless, in pure trade terms it would not be desirable for Canada to support the United Kingdom in its objective of securing an all-European Free Trade Area since there is no prospect that a genuine FTA consistent with the requirements of GATT can be negotiated in present circumstances. If arrangements between the Six and the Seven led to additional discrimination against Canadian exports, this would also be a matter of great concern to us. However, the trade impact of the creation of these two blocs will be gradual. With this in mind, we have supported United States efforts to avoid as far as possible damaging tariff discrimination on the part of either the Six or the Seven in the months to come and to concentrate on achieving tariff reductions between the EEC, the Seven and the United States at the GATT Tariff Conference beginning this fall. Our emphasis, of course, has been on maintaining access to European markets for our raw materials and agricultural produce.

The United States initiatives may also give some time for a cooling off period between the Six and the Seven, particularly if the revised OEEC can help to restore or strengthen the atmosphere of co-operation between the two groups in Europe. We have generally avoided taking sides in the European trade disputes. It would seem desirable for us to maintain this neutral position for the immediate future while reminding European countries of the commercial and political interests of outsiders, including Canada. In the long term, it is clearly in

our interest to encourage a closer political understanding between the United States, the United Kingdom and the Six. To some extent at least, this might help to reduce the so-called economic split. Because of the importance which future developments will have both on our trading position and on the orientation of political alignments, our stake today in Europe is as great as at any moment in the past.

N.A. ROBERTSON

484a. PCO/F-2-4(b)

Extrait d'une note du Bureau du Conseil privé

Extract from Memorandum from Privy Council Office

CONFIDENTIAL [Ottawa], May 27, 1960

GATT — EXAMINATION OF THE EEC AGRICULTURAL POLICY

. . .

Canada, United States, Australia and New Zealand met in Washington on May 19 to discuss a common approach to the EEC concerning their agricultural policy. The following conclusions were reached:

(a) The EEC agricultural proposals should be submitted to the CP's at the same time (before June 30, 1960) as they are submitted to the EEC Council;

(b) Before July 30 the CP's should meet at a high level for the purpose of making their views known before EEC Council meets to consider agricultural proposals;

(c) During this time, individual countries might wish to make their own representations singly or in concert to the Six;

(d) During the present session of GATT a continuing procedure should be established for the review of EEC agricultural policies, both in the 17th session and beyond.

These proposed methods in GATT would be in addition to the consultations to be held between the four exporters (Canada, United States, New Zealand and Australia) with [the] commission and the Six during the latter part of June.

We have been told, informally, that the United States might find it difficult to go along with the proposed arrangement in GATT.

A meeting was recently held of the EEC Council of Ministers to consider a common agricultural policy. At this meeting it was apparently agreed that implementation of the common agricultural policy should proceed on the same type of time-table as the reduction of tariffs in the industrial field. The French apparently insisted that wheat production should be increased within the community, while the Dutch were equally insistent that it was unlikely that the importing countries would change their eating habits from soft to hard wheat, to accommodate increased French production. The French then inferred that, unless the Dutch were more accommodating, the French market for Dutch tobacco products might be jeopardized. We were asked by the Dutch to make representations to individual members of the EEC of the desirability of the community keeping its doors open to imports of high protein wheat.

In a further discussion with a highly-placed Dutch official, an observation was made that GATT was neither equipped nor capable of keeping pace with the development of economic life in Europe. In the Dutch view, the regional solution for European trade problems, even if not strictly conforming to GATT, could be justified by the principle of what was good for

Europe to-day would be good for the whole world tomorrow — a slightly unhealthy attitude, to say the least.

III. *Acceleration*

(a) *Internal Tariffs* – The internal tariffs of the Six will be reduced by 20% on July 1, 1960. Before June 30, 1961, the Council of Ministers will decide if a further decrease of 20% on December 31, 1961, is justified, instead of 10% as provided in the treaty.

(b) *External Tariffs* – Members states will start aligning their national tariff towards a common external tariff not later than December 31, 1960.

(c) *List G* –

The same rules will apply to List G items, subject to the proviso that the commission may make exceptions in the case of particularly sensitive products.

Tariff reductions made for the benefit of third countries will be provisional, pending reciprocity during the GATT Tariff Conference.

D. M[ORLEY]

484b. PCO/F-2-4(b)

Note du Bureau du Conseil privé
pour le greffier du Conseil privé

Memorandum from Privy Council Office
to Clerk of Privy Council

CONFIDENTIAL [Ottawa], May 31, 1960

RE-ORGANIZATION OF O.E.E.C.

A meeting of officials of the twenty countries was held in Paris on May 24th and 25th. The meeting ran into some difficulties and only agreed to set up a working party of the representatives of the twenty governments and the European communities, with instructions to draw up a draft convention remodelling the O.E.E.C. on the basis of the recommendations of the group of four and to report to the governments before July 10th, 1960.

It is recommended that a Ministerial Conference be convened in Paris before the end of July to review and possibly give provisional approval to the working party's draft convention (if any). It was also recommended that a second Ministerial Conference might be held before the end of the year.

The main problems faced in re-organizing the O.E.E.C. concerned possible trade functions of the Organization of Economic Cooperation and Development (O.E.C.D.) and the question of which acts and decisions of the O.E.E.C. should be taken over by the O.E.C.D.

The attached telegram† gives some idea of the difficulty that is being encountered in getting the new organization off the ground and indicates at the end that in discussions with U.S. officials we have been told that the "U.S. administration may be prepared to accept consequences of a failure of its initiative if the Europeans show no readiness to reach early agreement."

D. M[ORLEY]

485. PCO

Note du secrétaire d'État aux Affaires extérieures, du ministre des Finances, et du ministre du Commerce pour le Cabinet

Memorandum from Secretary of State for External Affairs, Minister of Finance, and Minister of Trade and Commerce to Cabinet

CABINET DOCUMENT NO. 225-60 [Ottawa], July 14, 1960
CONFIDENTIAL

MINISTERIAL MEETING CONCERNING THE PROPOSED ORGANIZATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD) JULY 22-23

Ministers from the 18 OEEC Member countries, Canada and the United States, together with representatives from the European Communities, will meet in Paris on July 22-23 to determine whether or not a new "Organization for Economic Co-operation and Development" (OECD), in which Canada and the United States would be full members, can be established. This Organization would replace the Organization for European Economic Co-operation (OEEC) and would be shaped to meet the new problems of the 1960's.

Ministers will be asked to approve provisionally a draft Convention and to agree on the broad lines of the activities of the new Organization. While formally these decisions would be provisional, they will be taken as an indication of a willingness to sign a Convention along these lines around the end of the year, subject to Parliamentary approval. The meeting will have before it the draft Convention and supporting documentation prepared by a Working Party which has been reviewing, over the past few weeks, the reports and recommendations of the Group of Four "Wise Men" established at the January meetings in Paris. A comprehensive paper setting out Canadian views on the aims and functions of the OECD was approved by Cabinet on February 29 and submitted to the Group on March 3.

3. On important issues the report of the Group of Four was broadly consistent with Canadian thinking. Essentially, it met our concern that this Organization would not undertake exclusive or discriminatory trade and payment functions which could undermine the effectiveness of the GATT or the IMF. The Group of Four report suggested that OECD trade activities would be derived from the Organization's deliberations on economic policy and on the problems of under-developed countries. In the Working Party, however, heavy pressure from the continental European countries (with the notable exception of France) has been brought to bear for a more positive trade content. Although the over-riding obligations of GATT have been recognized, the meeting of Ministers will be asked to determine what if any obligations and procedures will be contained in the OECD. While there are other issues of importance on which we will be commenting later, the question of the trade content of the Organization is likely to be both the central and the most controversial issue before Ministers.

Canada has an important interest in the successful establishment of an OECD. There is need in our view for an organization in which the Western countries could consult about their economic policies with a view to promoting a satisfactory rate of economic growth among them and assisting more effectively the economic development of the less developed parts of the world. Canadian membership in such an organization would serve to strengthen our political and economic relations with the European countries whose role is likely to be of increasing importance in world political and economic affairs. United States membership may

provide some safeguard against a return to isolationism in the United States as well as ensure continued United States involvement in European economic affairs.

The main issues of interest to Canada which Ministers will be asked to resolve are the following:

(a) *Trade*

The majority of the Europeans, other than France, are anxious to preserve the notion of OEEC cooperation involving formal procedures and possibly trade rules, because this has been the principal international instrument of commercial policy in Europe in the last decade, even though most of them are members of the GATT and the IMF. They also regard it as important to retain an effective regional forum for the resolution of the trading dispute between the Six and the Seven.

The French have argued that in present circumstances where most European currencies are freely convertible there is no need or justification for special trade rules or formal trade procedures in the OECD. They maintain that GATT rules and procedures are adequate. They have not been prepared to agree that trade should be inscribed as one of the objectives of the Organization. The French appear anxious to avoid further commitments in the trade field which might limit their freedom of action in the Common Market or expose them to additional pressures for broader European trading arrangements.

The United States has been anxious to avoid giving the Organization any substantial trade content having in mind particularly known Congressional sensitivities about accepting any new international undertakings relating to trade and also the undesirability of weakening the GATT. However, under pressures from the Continental Europeans other than France and in the interests of compromise the United States have indicated they could agree to having trade specified as one of the aims of the Organization and to the establishment of a Trade Committee. They have insisted, however, that the Organization should have no trade rules and are not prepared to go as far as some of the Europeans would wish in establishing formal trade procedures.

Like the United States, we have not favoured any substantial trade content for the Organization having in mind the need to avoid undermining the effectiveness of the GATT or prejudicing relations with third countries throughout the world who are suspicious of developments in Paris. Accordingly, Canada could accept the compromise agreed to by the United States, i.e. that the expansion of non-discriminatory multilateral trade in accordance with international obligations be inscribed as one of the aims of the Organization. Canada could also agree if necessary to procedures to discuss trade that would not impair the effectiveness of GATT or jeopardize Congressional approval of the Convention. In any event it seems likely that what the USA and France could accept, Canada could also live with.

(b) *Aid*

There appears to be general agreement that the OECD should have as one of its aims the promotion of policies designed to contribute to sound economic expansion in under-developed countries. However, the exact functions of OECD in the aid field have not been worked out, and it is likely that Ministers will only be asked to decide (a) whether in the aid field there should be undertakings to give preferential treatment to the less developed members of the Organization over other under-developed countries, and (b) what would be the relationship between the Development Assistance Group (DAG) set up last January, and the OECD.

With respect to (a), it would be very difficult to justify preferential treatment for Greece and Turkey over the needy countries of Asia and Africa beyond the traditional OEEC activities in the field of productivity assistance and loans from the European Fund.

With respect to (b), most countries, particularly the United States and the United Kingdom, believe that the DAG should become a Development Assistance Committee of the OECD. If, as seems likely, the DAG becomes part of OECD, we should seek to ensure that its functions and characteristics are maintained.

(c) *Decision-Making Powers*

There is general agreement that, unless otherwise agreed to unanimously for special cases, the rule of unanimity will prevail for any decision or recommendations to be adopted by the Organization. It is also agreed that a member may abstain and in this way allow decisions to be taken by and in respect of the other members. A number of the European countries have been pressing for the inclusion of a clause which would debar a member from opposing any decision in which it did not take part. This clause, if accepted, would make it possible for the European countries to expand or modify the activities of the OECD which were not applicable to Canada or the United States regardless of the views of the latter. The maintenance of the veto power of the United States and Canada over decisions of the Organization would guard against the danger of a regional approach within the Organization by the Europeans. Canada should, therefore, seek to ensure, in co-operation with the United States and any other like-minded delegation, that the veto power remains unimpaired.

(d) *Organizational Questions*

The insistence of most European countries that the Convention should provide specifically for the constitution of an Executive Committee of restricted membership poses a problem for Canada. As an associate member of the OEEC, Canada has been a member of its Executive Committee. With the tendency for regional or "bloc" representation, we might not be assured of membership in restricted committees of the OECD. We should accordingly continue to defend the view that all OECD committees (with the exception of DAG, which has special qualifications for membership) should be open to any member wishing to participate. If this view does not prevail, we should seek to ensure that Canada is a member of any restricted committee of interest to us.

(e) *Budget*

Canadian membership in the Organization will commit us to a proportionate share of the general administrative expenses — the amounts have not been determined. Canada will not be obligated to help finance any of the operational activities of the OECD in which our interest is marginal, but it is expected we will be under pressure to contribute modestly to this work.

Recommendations

It is recommended:

(1) That Canada be represented at the coming meeting by the Minister of Finance, the Honourable Donald M. Fleming, and that the Canadian delegation include the following:

from Ottawa: Mr. S.S. Reisman, Department of Finance
Mr. O.G. Stoner, Department of External Affairs
Mr. R. Campbell Smith, Department of Trade and Commerce

from the Mission to NATO and OEEC in Paris: The Canadian Ambassador, Mr. Jules Léger, his Economic Counsellor, Mr. P. Towe, and other members of his staff, as may be required.

(2) That the Canadian Delegation be guided by the foregoing considerations and authorized to approve provisionally an appropriate OECD Convention and supporting resolutions.[15]

[H.C. GREEN]
[DONALD FLEMING]
[GORDON CHURCHILL]

486. DEA/12447-2-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], July 26, 1960

CONSULTATIONS WITH THE SIX ON THEIR COMMON AGRICULTURAL POLICY

The following brief report on the recent round-robin consultations with the Six and the EEC Commission on the proposed common agricultural policy of the Community may be of interest.

These consultations were held from June 18 to 31 in the capitals of the Six countries. Senior officials concerned with trade and agricultural policies from Canada and four other major exporting countries, the United States, Australia, New Zealand and Argentina, met with their opposite numbers in the Governments of the Six and with senior officials of the EEC Commission. The main purposes of these consultations which were originally proposed by Canada were:

1. To obtain a clearer understanding of the proposals advanced by the Commission for the EEC common agricultural policy;

2. To impress upon the representatives of the Six and of the Commission the concern of the five agricultural exporting countries about the adverse effects that the policies proposed would have on their agricultural exports to the Community and the implications this could have for their own commercial policies (notably for United States policies in the agricultural field);

3. To explore constructive ways and means whereby the Commission's proposals could be adjusted to take reasonably into account the interests of outside exporting countries; and finally

4. To emphasize the importance of having the EEC Commission's proposals placed before the GATT at an early date and of the Six agreeing to include this important aspect of their trade policies in the major round of tariff negotiations which are due to begin in the GATT this fall.

In the main these consultations appear to have served their intended purpose. The five exporters had consistent positions and worked closely together, with the United States giving firm leadership. The Six were left in no doubt of the importance attached to their agricultural policies by the consulting countries and of the possibly serious effects of a failure on their part to take third party interests adequately into account. The Argentine contribution was a constructive one and their participation served to strengthen the position of the consulting

[15] Approuvé par le Cabinet le 19 juillet 1960./Approved by Cabinet on July 19, 1960.

countries. There is reason to believe that the consultations will have some influence on the eventual decisions of the Six Governments in this vital sector.

The outlook remains very uncertain, however. Over the next several years the Six will gradually establish common support prices for the important agricultural commodities and the level of these prices will be of critical importance. If they are set too high they will tend to encourage uneconomic production which would in turn displace traditional exports from third countries in the EEC market. The exporting countries strongly urged that these prices be reasonably related to prices at which imports are available and that an opportunity be given to outside countries of competing for a fair share in EEC markets. The danger is, however, that EEC prices will not be set in accordance with objective economic criteria but rather as a matter of political compromise. The need for such a compromise seems to be generally accepted in Europe. In Germany for instance where agriculture is highly protected it appears unlikely that much progress can be made until after the next federal election due probably some time in 1961. For this and other reasons the EEC Commission appears to favour a cautious approach leaving basic decisions to be taken at a considerably later date.

For wheat, Canada's main agricultural export to the Six, the prospects may be somewhat more encouraging than for other products. This is because there is little production of hard wheat in the Six countries. In the short run therefore our exports are unlikely to be seriously affected. In the longer run however if internal EEC prices became excessively high it cannot be ruled out that some hard wheat production would be developed within the European Community.

It remains essential therefore that the Governments of the Six be kept under pressure to take third country interests into account before decisions are made on the proposals of the Commission later this year. It was agreed among the five exporting countries that every opportunity should be taken to reinforce in the coming months the representations made during the recent consultations. Also, the five countries will endeavour to keep in close touch in preparing for the forthcoming tariff negotiations and for discussions at the 17th session of GATT in November. The United States Secretary of Agriculture, Mr. Benson, who will be leaving for an official trip to Europe in mid-August, is expected to take the opportunity to discuss problems arising from EEC developments and their impact on United States agricultural exports.

Attached is a final telegram† from the Canadian Delegation to the recent consultations, which contains a general assessment of the results achieved.

N.A. R[OBERTSON]

487. DEA/9537-B-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur en République fédérale d'Allemagne

Secretary of State for External Affairs
to Ambassador in Federal Republic of Germany

TELEGRAM ET-1066 Ottawa, August 12, 1960

RESTRICTED. OPIMMEDIATE.

Reference: Your Tels 401† and 402,† Aug 12/60.

Repeat T & C (Information).

MACMILLAN-ADENAUER TALKS ON SIX AND SEVEN

We would be most interested in obtaining info on the conversations between Macmillan and Adenauer and their ministers and for association between the two groups both economically and politically, which may have been envisaged. We would also appreciate receiving any further info you can obtain on the prior de Gaulle-Adenauer talks about which reports have been sometime conflicting and unavoidably incomplete.

2. As to the Canadian attitude on these matters, you have received copies of all relevant telegrams from Ottawa and other missions and we have endeavoured to send you copies of the more important briefs prepared in recent months for meetings of the Paris Trade Committee, of Commonwealth officials, etc, describing the Canadian position. Attention here has tended to centre on the GATT Tariff Conference and on the possibilities of safeguarding Canadian interests through multilateral tariff concessions at that conference primarily in the context of negotiations between the Six and the Seven and between the Europeans and the USA. We shall of course wish to review recent developments very closely as soon as detailed info is available. Presumably the UK will inform Commonwealth governments officially of the results of the Macmillan-Adenauer discussions in Bonn.

488.

DEA/12447-40

L'ambassadeur en République fédérale d'Allemagne au haut-commissaire au Royaume-Uni

Ambassador in Federal Republic of Germany to High Commissioner in United Kingdom

SECRET & PERSONAL

Bonn, August 19, 1960

Dear George [Drew],

I have read with very great interest your telegram of August 16† about your talks with Heath and Schuckburgh. I shall be sending to Ottawa, probably about next Wednesday, a telegram giving my appreciation of the situation here. As you can well imagine there are many conflicting stories and it is difficult to sift the truth from what people want you to believe.

I am very glad that you will be in Ottawa soon since you will be able to bring to Ottawa your up-to-date appreciation of the situation as seen from London.

I had quite a long and useful talk this morning with the British Ambassador here, Kit Steele, but even after knowing him for more than two years I still find it difficult to distinguish in what he tells me between his personal views (which always include a lot of rather violent prejudices), his impression of what the German views are, and his knowledge about what the British views are.

From what he said, however, I did derive the impression that he would agree pretty substantially with the senior official in the German Foreign Office whom I quoted in my telegram No. 378 of July 27† on the crisis in the European integration movement.

I do hope, therefore, that you may be able to find a possibility before you get away at the end of next week to have a very private talk either with Macmillan or Heath and see if they would let you know how far they agree with the trends discerned by my informant in the German Foreign Office.

As you may recall from the telegram the line which he took was as follows:

1. There exists a crisis in the European integration movement because it is now clear that the idea of the political integration of the Six is dead as a result of the opposition of de Gaulle.

2. De Gaulle wants to turn the EEC into a purely economic organization, to make sure that there are no supra-national bodies created, and to make clear that the goal of the Six is not political integration but at the most some very loose form of confederation.

3. De Gaulle's purpose in proposing a Council of the Six with a secretary-general and a secretariat is to try to get unity among the Six on the main issues of foreign policy and thus enable France to be the spokesman of the Six on the tri-partite directorate of the Western world which de Gaulle is again pressing for. De Gaulle's intention is to re-establish France's position as a great power first by dominating the Six and then by speaking for the Six on the tripartite directorate.

4. What all this means is that the old Adenauer-Schumann-Gasperi plan for the political unification of the Six is dead. We are back to the European Council ideas of ten years ago. This should have been clear to Adenauer two years ago when de Gaulle came to power but it was only in the first weeks of July that Adenauer began to recognize it.

* * * * *

If you should be able to manage this I would of course be very grateful if you could send me a copy of whatever report you make on it.

All the best.

Yours ever,

ESCOTT [REID]

489. DEA/9537-B-40

L'ambassadeur en République fédérale d'Allemagne au secrétaire d'État aux Affaires extérieures

Ambassador in Federal Republic of Germany to Secretary of State for External Affairs

TELEGRAM 431 Bonn, August 24, 1960

CONFIDENTIAL. PRIORITY.

Repeat London, Washington, Paris, NATO Paris, Brussels, Rome, Hague, GATT Tariff Delegation, Geneva, T and C Ottawa, Finance Ottawa, Bank of Canada Ottawa from Ottawa (Information).

By Bag Stockholm, Oslo, Copenhagen, Berne, Vienna, Lisbon, Wellington, Canberra, Tokyo from London.

MACMILLAN-ADENAUER TALKS — THE SIX AND THE SEVEN

The following is my assessment of the situation as seen from Bonn: The leading article in the current London *Economist* begins: "In an international relationship a change of climate unaccompanied by the appearance of any new facts can be a deceptive thing promising disillusionment; or it can be a turning point."

2, The Germans believe that there has been a change of climate. My impression is that at the moment they think it is more likely to be a turning point than a deception.

3. Certainly there has been a change of climate. Adenauer in his talks with Macmillan showed a new sympathy and understanding of the UK contention, first that a split between the Six and the Seven could create serious international political difficulties and second that more action was required now than merely to advance along the lines of pragmatic short-term solutions. He agreed that greater efforts must be made within the next few months to reach agreement on a long-term solution of the relations between the Six and the Seven.

4. Previously the Germans had argued that there was no repeat no great urgency about trying to work out a long-term solution. They, unlike the British, never talked about the existence of a split between the Six and the Seven. They talked about the existence of difficulties between the Six and the Seven and the possibility of a split developing in the future. By this the Germans meant that serious discrimination between the Six and the Seven would not repeat not emerge for another eighteen months or more and that therefore there was not repeat not, as the British contended, any great urgency about dealing with the long-term problems.

5. The Germans have now been impressed by the argument of the British that so long as there is no repeat no advance towards a long-term solution industrialists who have to make decisions on investments in new plant facilities will be inclined to make them on the assumption that there is not repeat not going to be a long-term solution and this may result in investments which are uneconomic if there is a long-term solution.

6. Officials of the two governments will begin to meet early in October. The principal German will probably be Harkort though it may be Scherpenberg. The essential feature of the discussions is that they will be non-committal. Ideas will be exchanged informally and will not repeat not commit the government whose spokesman produces them. The Germans add that the discussions will be very secret and no repeat no papers will be exchanged. (The British Ambassador tells me they will be confidential and the exchange of documents will be kept to a minimum).

7. One reason for this emphasis on a non-committal informal exchange of ideas rather than negotiation is that the UK cannot repeat not contemplate another rebuff such as they suffered in the Maudling negotiations. Therefore there should be no repeat no formal initiative until informal non-committal soundings demonstrate that it is assured of success.

8. According to the Germans the British approach to the informal discussions differs from theirs. They say that the British have been thinking in terms of beginning by discussing the various possible formulas for solving the problems arising from the existence of two separate groups in Europe whereas the Germans want to begin by discussing the minimum requirements of each side. In the course of this discussion each side might be able to persuade the other that its minimum requirements were not repeat not as extensive as it had first stated. Having reached some sort of agreement on minimum requirements the two sides would, according to the Germans, be in a better position to approach the question of formulas by asking which of the possible formulas might best meet the minimum requirements. There is so much history to the formulas that people tend to line up in advance behind their favourite one. An oblique approach through minimum requirements might, the Germans contend, make possible a more objective less emotional or prejudiced approach to the question of formulas.

9. Both sides would, of course, consider that one of their minimum requirements is that the concessions made by each should be equivalent. The Germans consider that the British minimum requirements would include the preservation of Commonwealth free entry to the UK market and a tolerable reconciliation of British agricultural policy with the agricultural policies of the Common Market countries.

10. (Harkort of the German Foreign Office said to me that it would not repeat not be possible to except agriculture from any long-term solution for two reasons. One is that the goal of the extension of the Common Market to agriculture is one of the essential features of the Rome Treaty. The second is that a number of Common Market countries would oppose any blanket exception of agriculture. The British Ambassador told me that in his view the British need not repeat not demand the exclusion of the whole of agriculture. Perhaps horticulture could be included.)

11. According to Harkort the minimum requirements of the Germans would include first, the continued existence of the European Economic Community, second that the solution be in

accordance with GATT, and third that Commonwealth goods which had free entry to UK would not repeat not ipso facto have free entry if re-exported to the Common Market.

12. The German minimum requirement of the continued existence of the European Economic Community does not repeat not mean that the Germans rule out in advance the possibility that amendments which are not repeat not of major importance might be made in the Rome Treaty establishing the EEC in order to facilitate the entry into the EEC of UK and other members of EFTA. What it does mean, and the Germans say that this has already been made clear to the British, is that Germany can not repeat not contemplate any change in the substance or essence of the Rome Treaty. By the substance or essence they mean the creation of a Common Tariff, the existence of the European Economic Commission, the timetable and the goal of a Common Market for agricultural products.

13. (The Chapter on agriculture in the Rome Treaty, Articles 38 to 47, begins by declaring that "the Common Market shall extend to agriculture and trade in agricultural products" but allows for considerable flexibility in its definition both of the goal and of the methods of reaching it.)

14. There was not repeat not discussion during the Macmillan visit of possible formulas for union or association between the Six and the Seven and, as I have already emphasized, the Germans consider that the time is not repeat not yet ripe to talk about formulas. When pressed they state the obvious that one can make the following sort of list of possible formulas: the entry of UK and other members of EFTA into the Common Market; the entry of EEC into EFTA; the old Maudling proposal for the creation of a wide European FTA; the creation of some super-structure over EEC and EFTA; the turning of both EEC and EFTA into low tariff clubs.

15. As for France the Germans say that it is of course a condition of their agreeing to any solution of the Six-Seven problem that they can carry France with them. They state that they have passed complete info about recent developments to the French but have so far received no repeat no reaction. They also state that one reason why they cannot repeat not contemplate making any changes in the substance or essence of the Rome Treaty in order to accommodate the British is that this would open the treaty up to French demands for drastic revision.

16. The Germans must be conscious that some of their partners in the EEC are apprehensive that Germany is now going to try to get out of some of its obligations under the Rome Treaty and they appear to have reassured them by stating as they have to me, that they will not repeat not agree to making any changes in the essence or substance of the Rome Treaty in an effort to accommodate either de Gaulle or Macmillan. The Dutch Ambassador here told me a fortnight ago that he had asked Scherpenberg, the Head of the Foreign Office, outright whether Germany still adhered to the maxim, *pacta sunt servanda*, i.e. treaty obligations must be carried out. Scherpenberg assured him that Germany did.

17. The German Foreign Office has indeed told us that Germany has made it clear to the French that Germany would not repeat not consider changes in the Rome Treaty derogating from the EEC's powers as laid down in the Treaty though the Commission would, of course, continue to be controlled by a Council of Ministers. The German attitude is that the economic integration of the Six should proceed without interference in accordance with the Treaty and should not repeat not be slowed down. (If Adenauer said anything in a contrary sense to de Gaulle he has not repeat not told the German Foreign Office).

18. The impetus given by the Macmillan-Adenauer talks to efforts to find a long-term solution does not repeat not mean any slowing down of efforts to resolve or at least minimize short-run difficulties between the Six and the Seven. Indeed efforts in this direction will be pursued with new vigour in the changed atmosphere after the Macmillan visit. The Germans state that every effort will be made by them to ensure that the coming GATT negotiations are

successful and that they are used to the fullest extent to reduce barriers to EEC-EFTA trade and to deal particularly with items which create sore points for either side. The idea of a contact committee might be implemented. Perhaps also, as suggested by Erhard in an interview published on August 16, the thirteen countries might start adapting their external tariffs to one another without renouncing the common external tariff of the Six. If over the next 12 months barriers could be reduced and some harmonization of tariffs achieved between the two groups this could create a much better basis from which to move to a long-term solution.

19. Adenauer has been under constant pressure from German industry to find some way of preventing German exports from being discriminated against in the countries belonging to EFTA. Harkort tells me that the German industrialists are united on this. The German Parliament has from the beginning insisted that German entry into the EEC should be a step to a wide EFTA. Erhard has been the spokesman of these views. Hitherto whenever Adenauer has had to choose between supporting these views or acquiescing in firm French opposition to them he has sided with France. The recent outburst of support in Germany for his new attitude on the Six and the Seven will make it more difficult for him to do this in future. But it would be unwise to rule out the possibility of his doing it again if he thought that by so doing he could move de Gaulle away from what appears from here to be his present opposition to the realization of the Adenauer-Schumann-Gasperi vision of a political integration of the Six.

20. Adenauer now believes that Macmillan is in much greater agreement with him than he used to be on East-West problems and on relations with the USSR. This belief of Adenauer's was one of the reasons why in his meeting with Macmillan he agreed that the two countries should try to find a long-term solution of the Six-Seven problem. But how far will Macmillan in his efforts to secure Adenauer's support for a solution of the Six-Seven problem on lines desired by the British be prepared to forego taking initiatives, or supporting initiatives of a new administration in Washington, on East-West problems and relations with the USSR?

21. There can be no repeat no long-term solution of the Six-Seven problem unless France agrees. Is de Gaulle likely to demand as the price of agreement German acquiescence in some of his proposals on NATO and the political organization of the Six? Such acquiescence would be repugnant to Germany if the effect were to cause a weakening of the relations between Western Europe and the UK and the USA or to assist France to realize its ambition to be the spokesman of the Six in a tripartite directorate of the Western world.

22. And what line is a new administration in Washington likely to take on all these questions? For a strong line taken by a strong new administration in Washington will profoundly affect the policies of all concerned in the Six-Seven problem.

23. My present impression is that the development of ideas for solving the long-run economic problems between the Six and the Seven or for finding some link between them is likely to proceed slowly and that it is too soon to try to guess what the outcome is likely to be. There are too many unknowns especially in Paris, London, Washington and Bonn.

24. For Canada this is fortunate since it gives us an opportunity to influence thinking in these and other capitals concerned while the situation is still fluid.

25. I should be interested to know whether I would be correct in assuming that of the five possible formulas listed in paragraph 14 above the one which would best serve our interests is the turning of both EEC and EFTA into low tariff clubs, and that to make this formula less unpalatable to the British, who have been insisting on the political necessity of a unified economic grouping of the Six and the Seven, this could be given a façade of a superstructure. The chances of this being the eventual formula are of course increased the more successful the coming GATT negotiations are in reducing barriers to trade between the Six and the Seven.

[ESCOTT] REID

490. DEA/12447-40

Le haut-commissaire au Royaume-Uni
à l'ambassadeur en République fédérale d'Allemagne

High Commissioner in United Kingdom
to Ambassador in Federal Republic of Germany

SECRET & PERSONAL London, August 26, 1960

My dear Escott [Reid],

Thank you so much for your letter of August 19 in which you summarize your views and those with whom you have been discussing the Bonn talks, which throw some light on the current trends of European integration. I was particularly interested to see the line of thinking which is apparently now current in the German Foreign Office, because we did not receive your telegram 378 of July 27, doubtless through some oversight in transmission.

Since my conversation with Heath on August 16, I have not had an opportunity for a personal discussion of this fascinating, but increasingly complex, question. Macmillan and Home have both been away since then on holiday and, of course, Heath has been in Rome.

As I am leaving today for Canada, I shall not be able to check my personal impression, or the information I have obtained, with these senior Ministers.

My own feeling is that, although the European integration movement has run into serious trouble, it is still too early to regard it as dead. It is doubtless true that de Gaulle wishes to cut the European Commission (and Hallstein in particular) down to size, but I cannot see that a Political Council of the Six and a Secretariat to harmonize and interpret their foreign policies (with France as spokesman) differs greatly from the pattern which was emerging earlier. There is, of course, every sign of a shift of emphasis and some slowing down, but surely not yet of a sharp change of direction. It does seem, on the other hand, very unlikely that de Gaulle's proposed shift of emphasis will be acceptable to the rest of the Six (except possibly Belgium) in which case there may be a considerable period during which political evolution in Europe marks time.

On the economic side, I read this morning with the greatest interest your assessment of the "Six-Seven" problem as set out in your telegram 431. On my first reading of this telegram, I find myself virtually in complete agreement. Like you, I see very little likelihood of any spectacular move by the United Kingdom toward membership or associate status under the Rome Treaty, particularly if in all essentials the present Treaty is inviolable. Certainly, the British position has always been that the Rome Treaty, as a carefully prepared compromise which balanced the position among the Six, was simply not susceptible in its existing form to accession by a major world trading country like the United Kingdom, with so many outside interests. From discussions I have had prior to the Bonn talks with Mr. Macmillan, Selwyn Lloyd, Lord Home and Reginald Maudling, I can see little prospect that the United Kingdom is prepared to pay the political and economic price which de Gaulle would ask for their admission.

This is a fairly hurried expression of my own opinions in regard to the subject mentioned in your telegram, but I hope it sets them forth adequately. May I say that nothing which I have learned since has led me to believe that the information which was the basis of your letter of August 19 did not accurately interpret the understanding of the representatives of the British Government in regard to what took place in Bonn.

May I simply add a personal paragraph to this letter, and tell you how very much Fiorenza and I shall look forward to seeing Ruth and yourself more frequently in England now that Timothy will be at Oxford.

All the best.

Yours ever,

GEORGE DREW

491. DEA/12447-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur en République fédérale d'Allemagne

Secretary of State for External Affairs
to Ambassador in Federal Republic of Germany

TELEGRAM ET-1133 Ottawa, September 2, 1960

CONFIDENTIAL. PRIORITY.

Reference: Your Tel 431 Aug 24/60.

Repeat London, Washington, Paris, NATO Paris, Brussels, Rome, Hague, GATT Tarriff Delegation, Geneva, T&C (Information).

By Bag Stockholm, Oslo, Copenhagen, Berne, Vienna, Lisbon, Wellington, Canberra, Tokyo.

MACMILLAN-ADENAUER TALKS — THE SIX AND THE SEVEN

Thank you for your most helpful telegram. As to the question you raise in your paragraph 25, whether the best solution for Canada economically would be for both EEC and EFTA to turn into low tariff clubs no considered reply can of course be given until more detailed information is available on the various alternative formulae that are being envisaged. The answer would probably be in the affirmative, provided the separate development of the EEC and EFTA were not accompanied by the conclusion of special, discriminatory arrangements between some of the countries concerned. The low tariff approach, which gives priority to the GATT Tariff Conference, as a means of resolving problems between the two groups through reciprocal tariff reductions, has been the one advocated for some time by the Six or at least by the EEC Commission. It is also the approach the USA seem to favour. Canada has also stressed on a number of occasions the importance of the GATT Tariff Conference as a means of reducing tariff discrimination in Europe. While this is the position we have taken, our Missions in Europe will wish to be careful not to give the impression that Canada is taking sides against the Seven.

2. We are sending you a copy of the brief relating to European trade developments prepared for the recent meeting[16] of the Canada-UK Continuing Committee. We believe this will give you a fair indication of our thinking on some of the issues raised in your message. We shall be preparing a further brief for the CECC meeting in London and will see to it that copies are referred to you and other interested missions without delay, for your background information.[17]

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16 Voir chapitre IV, 3e partie./See Chapter IV, Part 3.

17 Pour les développements ultérieurs, voir chapitre premier, 2e partie (c).
For subsequent developments, see Chapter I, Part 2 (c).

492. PCO

Note du secrétaire d'État aux Affaires extérieures, du ministre des Finances et du ministre du Commerce pour le Cabinet

Memorandum from Secretary of State for External Affairs, Minister of Finance, and Minister of Trade and Commerce to Cabinet

CABINET DOCUMENT 898-60 [Ottawa], December 6, 1960
CONFIDENTIAL

OECD MINISTERIAL MEETING IN PARIS ON THE ESTABLISHMENT OF THE OECD, DECEMBER 13-14

Ministers of the eighteen OEEC member countries, Canada and the United States are to meet in Paris on December 13 and 14, to consider the Report of the Preparatory Committee established at their earlier meeting in July, and if they approve, to sign the OECD Convention and other related instruments, copies of which are attached. The new Organization would come into being following ratification, probably before the end of 1961. Following the July meeting, the Canadian Government made public in the House its intention to sign the Convention and submit to Parliament the relevant agreements for approval.[18]

2. Aside from the Convention, Ministers will be asked to approve recommendations relating to the activities and structure of the new Organization, and to the past decisions and recommendations of the OEEC which should be continued in force.

3. With the European currencies fully convertible and with the progress achieved in removing trade restrictions, the economies of the Western countries have become more closely interdependent and there is need, therefore, for an improved framework of Western economic co-operation. Canadian membership in such an organization would serve to strengthen our political and economic relations with the Europeans countries whose role is likely to be of increasing importance in world political and economic affairs.

4. The results of the Paris negotiations are generally satisfactory from the Canadian point of view and are closely in line with the views Canada submitted to the Group of Four earlier in the year, as approved by Cabinet.

5. Under the new Convention members agree that they will individually and jointly promote the efficient use of their resources, pursue policies designed to achieve economic growth, pursue their efforts to reduce or abolish obstacles to the exchange of goods and services, and contribute to economic development in both member and non-member countries. The Organization will have power to take decisions and make recommendations, by unanimous agreement, but these shall not be applicable to a member who abstains.

6. As a member, Canada would be expected to contribute to the general expenses of the Organization, in accordance with an agreed scale of assessment; and also to certain operational programmes in which it decides to participate, on some appropriate basis.

7. The three main aims of the Convention relate to economic policy, trade and aid to under-developed countries.

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[18] Voir Canada, Chambre des Communes, *Débats*, 1960, Vol. VI, pp. 7170 à 7172, 7241.
See Canada, House of Commons, *Debates*, 1960, Vol. VI, pp. 6878-80, 6946.

Economic Policy

There has been an Economic Policy Committee in the OEEC in which we have participated and which we have found quite valuable. The Preparatory Committee has proposed the continuation of an Economic Policy Committee for the purpose of reviewing the economic and financial situation and policies of member countries with a view to attaining the objectives of the Convention. The regular exchange of views among key governmental representatives regarding national economic developments (including their impact on other countries) and trends in the international economy should be increasingly useful in the years ahead in seeking to ensure that the efforts of each of the members of the Organization to achieve its objectives are helped rather than hindered by the actions of others. We have already expressed the hope that the economic policy consultations would become one of the new Organization's most important functions and it is recommended that the Delegation fully support the Preparatory Committee's proposal.

Trade

With respect to trade, the North American and French position that none of the OEEC regional trade rules should be explicitly carried forward into the OECD appears to have been accepted by the other European representatives. As a result, the OECD will have essentially consultative functions in the trade field, which it will carry out through discussions in a Trade Committee. Consultations about the general trade policies and practices of member countries and the consideration of specific trade problems would take place in accordance with flexible procedures. Largely as a result of Canadian efforts in the Preparatory Committee, account has been taken of the interests of outside countries and there will be provision for the participation of GATT representatives in this work. The Preparatory Committee has also recommended that the substance of certain OEEC trade activities should be re-examined in the OECD without commitment, in order to determine to what extent and in what form they should be continued or taken into account in the new Organization. A number of delegations have indicated that their Ministers at the forthcoming meeting will seek further clarity and precision with respect to the future work of the OECD. In our view, however, the report of the Preparatory Committee represents a reasonable balance among the various views expressed.

Aid

The United States would like the OECD to play a prominent role in the aid field. Its objective is to ensure that the European members carry a greater share of the burden of assisting less developed countries both within and outside Europe. The less developed member countries have also made it clear that they will press hard to have the OECD provide them with increased assistance in developing their economies. Other countries have been prepared to accept a continuation of the OEEC's present limited programme of technical assistance to less developed members but some of them have been reluctant to agree that the OECD should give assistance to non-members.

The principal forum for discussion of aid to non-member countries will be the Development Assistance Committee. As agreed at the ministerial meeting last July, this Committee will take over the functions and characteristics of the present Development Assistance Group. The purpose of this Group has been to improve the quality and quantity of bilateral aid and, in the Group, the United States and ourselves have been pressing the Europeans to assume a greater share of the task of assisting under-developed countries outside Europe.

The conflicting attitudes of various members of OEEC are reflected in the recommendations of the Preparatory Committee on structure and the proposed terms of reference for aid activities. While the Committee is explicit in recommending that technical assistance for less developed countries should be continued, it is vague about new assistance programmes.

Nevertheless its recommendations leave open the possibility of financial assistance to member countries and they do not preclude the provision of some assistance to non-members.

Canadian policy has been to direct its aid programme to countries outside Europe where needs are greater, particularly Commonwealth countries. The provision of technical assistance to less developed countries in Europe such as Greece, Turkey and Spain is much less appropriate for Canada. It is likely that other member countries will strongly favour the financing of technical assistance to the less developed member countries on the basis of a general assessment. (The present OEEC expenditure on technical assistance is about $700,000 per annum.) The Delegation should, however, explore the possibility of getting an arrangement whereby we would be free to decide the extent of our financial participation in this activity. If, as is likely, this is not feasible, it would be invidious for Canada as a full member of the new Organization to insist upon an isolated position on this issue. In such a situation it is recommended that Canada should be prepared to accept an appropriate assessed share which would be related realistically to that of the United States and would take into account our existing responsibilities in the field of aid.

Invisible Transactions and Capital Movements

The members of the OEEC have developed a set of undertakings to liberalize among one another a specified list of "invisible" transfers, (i.e. payments on current transactions other than commodity trade, for example, shipping, insurance, advertising, dividends, interest and rent) contained in a Code of Liberalization of Invisible Transactions, and a list of capital transfers, contained in a Code of Liberalization of Capital Movements. Each Code contains escape clauses but detailed procedures are prescribed under which derogations from any of the obligations of the Codes are examined and must be justified.

The OECD Preparatory Committee has been reviewing these Codes with a view to revising them to extend their benefits to all members of the International Monetary Fund on a non-discriminatory basis and to enable the United States and Canada to adhere to them. However, it has been unable to reach agreement on a final text and has recommended that it be given authority to continue its examination after the Convention is signed.

In the Preparatory Committee the United States has stated that it will probably adhere to these Codes if they are made non-discriminatory and has been active in negotiations to find acceptable revised texts. We have stated that we would have no objections to the Codes being continued if they were made non-discriminatory but we have taken no formal position on adherence. Most Europeans attach importance to continuation of the Codes and are anxious that the United States and Canada adhere to them.

Canada has no controls over invisible and capital transfers. Its present policy and practices with respect to exchange control are therefore in full conformity with and indeed considerably more liberal than the obligations of these two Codes. Adherence would thus be somewhat meaningless, at least in present circumstances. On the other hand it is desirable that, as far as possible, Canada should participate fully in OECD activities of a general character. Moreover, the general purpose of the Codes — to facilitate the flow of invisible payments and capital movements — is one to which we have given support in the past.

However, there would be no particular advantage in Canadian adherence and some potentialities for embarrassment. This is particularly true of the Code of Capital Movements, which is not designed to suit the special circumstances of a country where foreign capital is so heavily concentrated as in Canada. It is therefore recommended that Canada should not subscribe to this Code. The Delegation should have discretion to decide whether it would be desirable to announce our position at this stage or whether, for tactical reasons, it would be better to give only an indication that Canadian adherence was unlikely.

As far as the Code of Invisible Transactions is concerned possible difficulties arising from Canadian adherence would be considerably less. Canada has already accepted somewhat similar obligations in the International Monetary Fund. There is, however, some risk that adherence, while having no practical significance, might be misunderstood by the Canadian public. On balance there is no strong case for Canada to adhere to the Code of Invisible Transactions. However, if pressed strongly at the ministerial meeting the Canadian delegation should have authority to indicate that Canada would be prepared to give further consideration to this, and would be willing to participate in the future consideration of this Code in the Preparatory Committee.

Other Activities

The OEEC has been carrying out activities in the fields of science and technology and of industrial and agricultural productivity. The Report recommends that the activities in science be continued. Those in productivity will be reviewed after the Convention is signed on the understanding that such programmes as may be continued among a limited number of countries will be financed by those countries. The Report makes no recommendation as to the method of financing other productivity programmes or the proposed activities in science. However, there have been indications that others would favour a general assessment.

Some of the work in science and productivity may be useful to Canada especially in the light of the possible activities of the new National Productivity Council. The annual budget of the Organization for activities in these fields has recently been about $3.6 million. It would be preferable if the financial arrangements left us free to decide whether or not to make a contribution. However, if we are isolated in this position and others press for a general assessment, it is recommended that, with the exception of projects of interest and benefit to a limited number of members, Canada be prepared to pay an appropriate assessed share.

In the fields of agriculture and fisheries, the Preparatory Committee has recommended that the Organization should arrange for periodic consultations with respect to the policies of member countries covering such fields as production, marketing techniques, price support arrangements, market forecasts, etc. The Preparatory Committee was unable to reach conclusions on the committee structure required in these fields and Ministers will be expected in particular to consider whether periodic meetings of Ministers of Agriculture and Fisheries should take place under the OECD. A majority of European countries may be expected to support strongly this procedure for which the OEEC provides a precedent.

Canada and the United States have maintained that the activities of the OECD in the fields of agriculture and fisheries should be integrated into the regular committee structure of the Organization, and have objected to the establishment of Ministerial Committees because they could serve as an additional focus of European agricultural protectionism. The position of Canada, the United States and of several European countries has been that a decision on this matter should be left to the new Organization and should be taken in the light of experience. The Delegation should seek to maintain this position. It could agree, however, to appropriate procedural arrangements in these fields providing they are strongly supported by the principally interested countries and that they are consistent with the objectives of the Organization in the trade and economic policy fields.

Carryover of OEEC Acts

This should raise no difficulties for Canada at the coming meeting. OEEC Acts which are to be carried forward and which Canada has accepted are decisions of a technical nature or are relatively unimportant recommendations which are not binding but merely require that they be taken into consideration, thus leaving participating countries freedom of judgment as to the action that may be required. Moreover, Canada and the United States, as new members, would

be free to withdraw from or seek amendments to certain Acts immediately following ratification, if this seemed desirable.

Other issues of some importance for the efficient functioning of the OEEC may arise formally or informally at the meeting. While the Convention does not prescribe the establishment of an executive committee of restricted membership, such as exists in the OEEC, most European countries are known to be strongly in favour of such a committee. If a restricted committee is established, the Delegation should endeavour to ensure permanent Canadian membership. Should this prove impossible and a rotational arrangement is required, the Delegation should ensure that the procedures reflect Canada's special position outside any regional grouping. There may also be mention at the meeting of the proposals which have been advanced for establishing a parliamentary advisory body. In this connection, a separate Memorandum to the Cabinet has been circulated.

Recommendations

It is recommended:

1. That Canada be represented at the coming meeting by the Minister of Finance, the Honourable Donald M. Fleming, the Minister of Trade and Commerce, the Honourable George Hees; and that the Canadian Delegation include the following advisors: A.F.W. Plumptre, Assistant Deputy Minister of Finance; J.H. Warren, Assistant Deputy Minister of Trade and Commerce; L. Rasminsky, Deputy Governor, Bank of Canada; O.G. Stoner, Department of External Affairs; R.E. Latimer, Department of Trade and Commerce; P. Towe, Economic Counsellor, Canadian Mission to NATO and OEEC, and other members of the Mission as may be required;

2. That the Canadian Delegation be guided by the foregoing considerations and authorized to approve the recommendations contained in the report of the Preparatory Committee, and to sign the OECD Convention and other related legal instruments, provided the Delegation is satisfied that essential Canadian requirements have been met.

[H.C. GREEN]
D.M. FLEMING
[GEORGE HEES]

493. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], December 8, 1960

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green)
The Minister of Finance (Mr. Fleming),
The Minister of Trade and Commerce (Mr. Hees),
The Minister of Transport (Mr. Balcer),
The Minister of Veterans Affairs (Mr. Churchill),
The Minister of National Revenue (Mr. Nowlan),
The Minister of National Defence (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Solicitor General (Mr. Browne),

The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny),
The Minister of Forestry (Mr. Fleming),
The Secretary of State (Mr. Dorion).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin), (Dr. Hodgson).

O.E.E.C. MINISTERIAL MEETING ON NEW O.E.C.D. ORGANIZATION; INSTRUCTIONS AND SIGNING POWERS; PARLIAMENTARY BODY

1. *The Minister of Finance* submitted, with the concurrence of the Minister of Trade and Commerce and the Secretary of State for External Affairs, instructions for Ministers attending the Ministerial meeting to be held in Paris on December 13th and 14th to establish the new Organization for Economic Co-operation and Development and a recommendation authorizing signature of the new Convention which would emerge.

An explanatory memorandum had been circulated, (Memorandum, Secretary of State for External Affairs, Ministers of Finance and Trade and Commerce, Dec. 2 — Cab. Doc. 398-60).

2. *The Secretary of State for External Affairs* said that, during the discussion on the proposed O.E.C.D., a proposal had been made for the establishment of a Parliamentary Body connected with the new organization. The proposal, which had been put forward by the Council of Europe, called for members of the Consultative Assembly of the Council to hold meetings periodically with Parliamentarians of the five states not members of the Council of Europe, but members of the O.E.C.D. (Canada, Portugal, Spain, Switzerland and the United States). It had received strong support from the European countries.

The proposal had been drawn to the attention of the Speakers of both Houses of Parliament but no consultation had been held with Canadian Parliamentary bodies on the matter. Accordingly, Canadian officials had not expressed any views on the work of the O.E.C.D., Preparatory Committee. The U.S. authorities had not taken a position either.

A final decision would be reached at the O.E.E.C. December meeting and the views of the Cabinet on this subject were therefore requested. The U.S. would probably go along with the majority decision.

An explanatory memorandum had been circulated, (Minister's memorandum, Nov. 8 — Cab. Doc. 377-60).†

3. *Mr. Green* said that, in the matter of the new organization, he did not think the delegation should be authorized to agree to Canada sharing any costs for technical assistance to Europe for contributing to the budget of the Organization for its work in the fields of science and productivity. This should be done by the European countries themselves who were now financially able to carry these burdens. Canada's aid should be directed to the underdeveloped countries in the Commonwealth.

As for the Parliamentary Body he felt that Canada should not participate. Parliamentary groups attending meetings in Europe had often embarrassed the government in the past.

4. *Mr. Fleming* said that Canada's position in the preliminary talks on the O.E.C.D. had been made quite clear. The Europeans were well aware that the Canadian Government considered they should bear more of the aid burden, in fact all of it, in Europe. The wording in the proposed instructions was designed to prevent Canada from getting into an isolated position: the probable amounts were trifling in any event. Any questions of this kind which arose at the Paris meeting would be reserved for the decision of the Cabinet. The new body had no power

to bind members. Incidentally, he had been opposed to waiving the claim against the U.N. for the Congo airlift of over $600,000 but other Ministers had prevailed in their view that the claim should be waived.

He also said that in Paris last summer he had been approached by the President of the European Assembly on the subject of a Parliamentary Body. He had replied that it would be somewhat early for Canada to be associated with such a body. Canada should watch the work of the new body for a while and decide later whether to join or not.

5. *The Cabinet* agreed,

(a) that Canada be represented at a meeting of the Ministers of the eighteen member countries of the Organization for European Economic Co-operation, to be held in Paris on December 13th and 14th, on the establishment of the new Organization for Economic Co-operation and Development replacing the O.E.E.C., and that the delegation include the Minister of Finance, and the Minister of Trade and Commerce, with the following advisers: A.F.W. Plumptre, Assistant Deputy Minister of Finance; J.H. Warren, Assistant Deputy Minister of Trade and Commerce; L. Rasminsky, Deputy Governor, Bank of Canada; O.G. Stoner, Department of External Affairs; R.E. Latimer, Department of Trade and Commerce; P. Towe, Economic Counsellor, Canadian Mission to N.A.T.O. and O.E.E.C., and others as may be required;

(b) that the Canadian delegation be guided by the considerations and recommendations set out in the joint memorandum to Cabinet dated December 2nd (Cab. Doc. 398-60), on the understanding that the last two sentences of the first paragraph on page 5 were not approved, nor the last sentence in the first paragraph on page 8, and any questions of an assessed share for the cost of technical assistance to European countries or of a contribution to the budget of the Organization for work in science and productivity be reserved for subsequent decision by the Cabinet;

(c) that the delegation should not commit Canada to participating in the work of any parliamentary body; and,

(d) that, subject to (b) above, the delegation be authorized to approve the recommendations contained in the report of the Preparatory Committee on the O.E.C.D. and to sign the Convention and related legal instruments, provided it was satisfied that the essential Canadian requirements had been met.

(An order in council in respect of (d) above was passed accordingly; P.C. 1960-1694, Dec. 8.)

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2e PARTIE/PART 2

FRANCE

SECTION A

VISITE DU PRÉSIDENT CHARLES DE GAULLE À OTTAWA, 18 AU 22 AVRIL
VISIT OF PRESIDENT CHARLES DE GAULLE TO OTTAWA, APRIL 18-22

494. DEA/50271-K-40

Note

Memorandum

TOP SECRET Ottawa, April 14, 1960

FRENCH POLICY ON NUCLEAR WEAPONS AND DISARMAMENT

The French and Canadian authorities have found common ground in emphasizing nuclear disarmament in the current disarmament negotiations. Their reasons for taking this view have been rather different, however. There is considerable evidence to suggest that French preoccupation with nuclear disarmament has more to do with the state of their own nuclear weapons programme than with world anxiety over the nuclear arms race. A French spokesman said recently that France would not accept the treaty on nuclear tests which is being negotiated by the United Kingdom, the United States and the Soviet Union, because such a treaty, by freezing the development of nuclear weapons, would leave France in a permanently inferior position. French insistence in the disarmament talks on priority for nuclear disarmament and for the closest connection between the end of military production of fissionable material and the conversion of stocks of this material to peaceful purposes also appears related to a desire not to lose any advantage France may have gained from having embarked upon an independent programme of nuclear weapons development.

Although France's efforts in the field of nuclear energy have a broad base in research which can be traced back to pre-war years, it was not until 1956 that France officially entered the nuclear arms race. The programme, which initially proceeded at a slow pace, gained momentum after General de Gaulle's advent to power.

Our estimate of French nuclear capabilities is mainly based on our knowledge of French technical potential in the field of weapon fabrication and on our assessment of French production of fissile material. We have no doubt that the French have sufficient reserves of plutonium to conduct a substantial nuclear programme. In addition, it is generally agreed, even by United States scientists, that France possesses a highly competent team of nuclear scientists and technicians. The recent tests in the Sahara appear, on the basis of initial analyses, to have been surprisingly efficient and there is no reason to believe that the French will encounter any insuperable difficulties in building up a stock-pile of nuclear weapons. According to a report received by the United Kingdom authorities from a reliable source, the French are also conducting work on an H-bomb which they may test in 1962.

The French Government recently announced that a new supersonic bomber capable of delivering nuclear weapons would be made available to the French air force at the beginning of 1963. In addition, there is a substantial programme for the development and production of a wide range of rockets and guided missiles. As well as developing short-range rockets which are already in production, the French have, during the past two years, made plans for the acquisition of an intermediate range ballistic missile. Although France cannot be said to

possess an effective deterrent at the present time, it is reasonable, assuming a continued test programme, to expect that by 1964 it will have an arsenal of nuclear warheads which would enable it to mount a sizeable attack against any part of Europe, including the European part of the Soviet Union.

The long-term military value of a French nuclear deterrent will depend in large measure on the progress achieved by other nuclear powers during the next five years. If the United States and the Soviet Union come to possess invulnerable strike forces, France would have to consider the possibility that the United States would not be prepared to defend Europe at the cost of total annihilation. In such circumstances an independent French or European deterrent force might have great value,[19] since the Soviet Union would have to consider accepting a substantial degree of damage as the cost of a major attack in Europe even if it judged that the United States would not intervene.[20]

In an address to both Houses of the United Kingdom Parliament on April 7, General de Gaulle called for the destruction of nuclear weapons as part of a controlled disarmament plan, but he made it clear that France would only abandon its nuclear weapons programme if other powers agreed to relinquish their nuclear capabilities. French persistence in the face of adverse reactions in Africa and Asia to the bomb tests in the Sahara, and in spite of the obvious strains which such a programme imposes on the economy appears to be based on the following considerations. French military strategy, since de Gaulle's advent to power, has undergone profound changes. The French President has in the latest volume of his memoirs stated that the future of the world will be decided in Europe, and that the objective of French policy should be to produce a strategic grouping of military powers which would assure the security and stability of Europe. In recent months de Gaulle has also reiterated his conviction that France as well as other European powers have interests to protect and promote in the world which will not always coincide with those of the United States and other NATO allies. France can therefore no longer rely exclusively on the United States nuclear retaliatory power to defend its national interests. In General de Gaulle's view effective re-emergence of France as a leading European power is largely dependent, both for reasons of international prestige and strategy, on the acquisition of a nuclear deterrent.

The development of a retaliatory force of some size, combined with the financial strains imposed by the Algerian war, will certainly place a heavy burden on the French economy. It may be that General de Gaulle hopes that other European nations, such as Italy and West Germany, may in time agree to participate in the development of an independent European deterrent and to contribute financially to the achievement of that goal.[21] It is also possible that France believes that, if it achieves a certain level of efficiency, the United States or the United Kingdom authorities will undertake to share the burden of the French programme by giving France secret nuclear information or by assisting French efforts in the field of missile developments.

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[19] Note marginale :/Marginal note:
How? if the French has a vulnerable missile force and Soviets an invulnerable one, and the Soviets struck first? Surely this is the whole point: the evidence suggests that at best, — and at tremendous cost — France will have by 1964 a small 1960-vintage deterrent which by then will be obsolete and therefore militarily ineffective. If this were not so, why have the UK just abandoned the Blue Streak? And if the UK are so desperate for new devices to contribute to a mobile deterrent, what can the French hope to contribute with Blue Streak type missiles in 1964? [J.H. Taylor]

[20] Note marginale :/Marginal note:
Khrushchev said he has 20 rockets aimed at France right now — in 1960. [J.H. Taylor]

[21] Note marginale :/Marginal note:
What about WEU? [J.H. Taylor]

It would be interesting to hear what President de Gaulle might himself have to say about the political and strategic basis of France's nuclear weapons programme. You may also wish to express to him Canada's misgivings about the conduct of further nuclear tests and the resulting potential dangers to the health of mankind.

495. J.G.D./XII/F/105

Note

Memorandum

SECRET [Ottawa, n.d.]

PRIVATE CONVERSATION BETWEEN PRESIDENT DE GAULLE AND THE PRIME MINISTER AT GOVERNMENT HOUSE, TUESDAY MORNING, APRIL 19, 1960

The Prime Minister referred to his conversation of the previous night with the President during which the latter had dealt with the recent Khrushchev visit to France[22] and also briefly with the possibilities of reaching agreement at the forthcoming Summit Conference on the re-unification of Germany and on the Berlin situation. He invited the President to pursue this line of discussion.

President de Gaulle said that *Khrushchev* was no longer young. He had aged considerably. A very proud man he was, forever comparing the accomplishments of Russia with those of other countries. Obviously he wanted to play an international role, that of assuring peace and a détente. On *Germany* Khrushchev had several times underlined the necessity of finding a solution to the recognition of the East German Republic and of giving Berlin the status of a free city in order to liquidate any possible cause of conflagration. President de Gaulle had made it clear to Khrushchev that he was not entirely in agreement with him on the necessity at the present time of raising these ("de les poser actuellement") two matters and certainly not with threats. Khrushchev had then appeared to be less in a hurry to come to any definite solution for the moment but had said that these questions would have to be solved within the next two years.

The Prime Minister asked President de Gaulle whether he considered the *City of Berlin* should be given a status under the United Nations to ensure its security. President de Gaulle did not give any definite reply to this question.

On the question of *disarmament* Khrushchev had said that the development of modern armaments placed a heavy burden on the state. Scientists and militarists were forever asking for heavier sums to be spent on armaments. Khrushchev had said that the plan which he had proposed should be accepted. President de Gaulle had pointed out to Khrushchev that he was in favour of doing as much as possible towards disarmament, provided agreement could be reached on the control of rockets, of strategic planes capable of carrying them as well as the bases from which these could be launched.

With respect to *economic relations*, Khrushchev had referred to the considerable developments in Russia, (Russia had a plan of development for which A.N. Kosygin was responsible as "Plans Minister"), had quoted statistics upon statistics and had indicated that in order to pursue its development Russia needed long-term credits. He had recommended more contacts and more exchanges between the East and the West. He had advocated the same thing in the matter of cultural exchanges, suggesting exchanges of films, actors, theatres, etc. The

[22] Voir/See G. Barraclough, *Survey of International Affairs 1959-1960* (London: Royal Institute of International Affairs/Oxford University Press, 1964), p. 60.

President said that from his talks with Khrushchev, it was evident that the question of an improved standard of living was of major importance in the whole of Russia, as was competition with capitalist systems. Khrushchev believed the Communist system superior and, therefore, good. He was out to prove it. There was a tendency, at times hidden, in the Russian people to yearn for progress and liberty. Khrushchev, for obvious political necessities, was espousing this tendency of his peoples. He had denied strongly western assertions that the Russians were not free. President de Gaulle, at this point, remarked to the Prime Minister that Stalin had never made such statements.

In general, during his visit in France, Khrushchev had acted correctly and had not said anything too offensive. Once or twice he had insisted on Germany's perennial danger to peace in Europe but he had not attempted to make propaganda. He had been a polite listener and, on occasion, had had good things to say about French industries etc. e.g., the Caravelle airplane, the Reneault factories at Marseilles, French railway engines, natural gas developments, etc.

With respect to the forthcoming *Summit Conference*, President de Gaulle asked the Prime Minister whether he would wish to indicate what he hoped could be accomplished at the conference.

The Prime Minister replied that he hoped that at the Summit meeting some progress would be made in obtaining at least a temporary agreement on the *Berlin situation*. Canada felt that the maintenance of Berlin as an independent entity in so far as the U.S.S.R. and East Germany were concerned was absolutely necessary. If this independence could be assured then, to some degree, it would be possible to effect a reduction in the number of troops in Berlin without, however, giving way in any way to the desires of the U.S.S.R. that Berlin become part of East Germany. The Prime Minister added that he hoped that in so far as *German re-unification* was concerned, it would be at least possible to agree on a declaration in this regard of the position of Western countries. He hoped that if there was a referendum on the freedom of Berlin those concerned might be able to exercise their vote freely and, indeed, that the votes would be counted separately so no side could say that the final result of the vote had been determined by one side or the other. The Prime Minister, with respect to *disarmament*, said that the views of Canada were unchanged. He referred to his speech in the United Nations in September 1957[23] and to subsequent correspondence with Khrushchev and Bulganin in which he had indicated that Canada would render available on a reciprocal basis, for the fullest inspection, all of Canada's northern and Arctic areas providing, of course, the U.S.S.R. would allow Canada the same possibility of full inspection in comparable areas on the U.S.S.R. side of the North Pole.[24] He referred to the immense responsibilities which lay on the shoulders of those, in particular those of President de Gaulle,.who would meet at the Summit Conference and hoped that in view of the fact that the peoples of the world were expecting so much of this conference some appreciable progress could be made.

President de Gaulle, in expressing his views on the forthcoming *Summit Conference*, said that he shared in general the views of the Prime Minister. He said "Ce sera un succès si ce n'est pas un échec." In eight days it would be difficult to settle any problem effectively. It would only be possible to broach some of the problems and to decide that the Four Powers concerned would continue in the future to study them together.

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[23] Voir/See Canada, Department of External Affairs, *Statements and Speeches 1957*, No. 57/33.

[24] Voir Volume 25, Chapitre IV, 5e Partie (a), et « Réponse du premier ministre à M. Boulganine », *Affaires extérieures*, vol. 10, n° 2 (février 1958), pp. 38 à 44.
See Volume 25, Chapter IV, Part 5 (a) and "Prime Minister's Reply to Mr. Bulganin," *External Affairs*, Vol. 10, No. 2 (February 1958), pp. 38-44.

Referring specifically to *disarmament*, President de Gaulle said that the Western Powers would have to make sure that this should be the first subject of discussion and not Berlin or German re-unification. The discussion should bear principally on nuclear disarmament with a view to arriving at a solution. It was purely theoretical to say: "destroy nuclear arms, stop manufacturing them." Those who have nuclear arms are not too keen to do away with them. It was very difficult to control nuclear armaments. An atomic bomb could be placed in a cupboard. It should be possible, however, to control rockets and strategic aircraft capable of carrying them and the bases from which they can be launched. It might be possible to reach an agreement whereby each side would undertake to ban the use of missiles and planes as vehicles for atomic bombs.

The conference, of course, could not avoid talking about *Germany*. Some hoped that *German re-unification* might some day be accomplished; not everyone did — not many in France in any event. He was sure the Prime Minister would understand why. The Russians for their part would never give up Prussia and Saxony. It would not be realistic to say that everything should be done to achieve re-unification but at the same time re-unification should not be condemned and it should not be said that it would never be achieved. At the present time, re-unification would bring dissatisfaction on both sides. Germany, as a re-united country, might not be in a position to retain its close links with Western Europe and it was essential, the President said, that Germany remain in the Western camp. This question should not be pressed too much at the forthcoming conference but should be kept for later discussions.

In so far as *Berlin* was concerned, the President said that the situation was pretty much the same. He referred to the Prime Minister's statement that Berlin should not be given up to the Russians. For the time being, it would not be practical to change the status of Berlin. It might be possible, however, to proceed cautiously and arrive at a limitation of the number of troops in Berlin, an agreement on "no propaganda" in either sector. On the whole, the President thought that the Summit Conference should aim to achieve, as a primary necessity, a climate of détente and a certain degree of agreement on disarmament. Later on, in a more favourable ambiance, German re-unification and the Berlin question could be discussed with more objectivity.

The President said he wanted to refer to an additional point to which France attached a great deal of importance and that was the question of *aid to under-developed countries*. At the moment countries were giving aid on an individual basis. It would be difficult in the immediate future to arrive at a common East-West approach on this problem but he was hopeful that some form of agreement could be reached on East-West cooperation on assistance to underdeveloped countries. This would be of great moral and political value. Assistance could be provided for in such areas as the Valley of the Nile and also to combat tuberculosis on a world wide scale.

The Prime Minister suggested that when the President later on met with the Cabinet he might say something about France's views on the *storage of nuclear weapons*. Canada, because of its proximity to the United States, was faced also with this problem. He asked President de Gaulle what points he would cover in his public speech at the luncheon on that day in order[25] to avoid reference to these points at the Cabinet meeting. President de Gaulle said that at his noon speech he would refer to the links between France and Canada, the Summit Conference, on what could and should be done at the conference with, of course, less details than in his discussion with the Prime Minister.

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[25] Voir « Le président de Gaulle au Canada », *Affaires extérieures*, vol. 10, n° 5 (mai 1960), pp. 619 à 620. See "President de Gaulle in Canada," *External Affairs,* Vol. 10, No. 5 (May 1960), pp. 615-616.

The meeting started at 9.45 and ended at 10.35.

A full report of the meeting of President de Gaulle with members of the Cabinet has been drafted separately.

I was not present at the afternoon meeting of the Prime Minister, President de Gaulle, Mr. Green, Mr. Couve de Murville, Mr. Lacoste and Mr. Dupuy, but I understand that you gave an account of this particular conversation to Basil Robinson.[26]

J. F[OURNIER]

496. DEA/6956-40

Rapport d'une réunion entre le président de Gaulle et les membres du Cabinet[27]

Report of Meeting between President de Gaulle and Members of the Cabinet[28]

SECRET Ottawa, April 19, 1960

Present:

For France:

General Charles de Gaulle, President of the French Republic, President of the Community
His Excellency Maurice Couve de Murville, Minister of Foreign Affairs
His Excellency Francis Lacoste, Ambassador of France to Canada

For Canada:

Rt. Hon. John G. Diefenbaker, Prime Minister of Canada
Hon. H.C. Green, Secretary of State for External Affairs
Hon. A.J. Brooks, Minister of Veterans Affairs
Hon. Leon Balcer, Solicitor General
Hon. G.C. Nowlan, Minister of National Revenue
Hon. D.S. Harkness, Minister of Agriculture
Hon. Michael Starr, Minister of Labour
Hon. William Hamilton, Postmaster General
Hon. W.J. Browne, Minister without Portfolio
Hon. Paul Comtois, Minister of Mines and Technical Surveys
Hon. J.W. Monteith, Minister of National Health and Welfare
Hon. Raymond O'Hurley, Minister of Defence Production
Hon. Pierre Sévigny, Associate Minister of National Defence
Mr. Pierre Dupuy, Ambassador of Canada to France

Preliminary

The Prime Minister said that he had previously welcomed the President, but wished also to express his gratification that the President had been willing to attend a meeting with the members of the Canadian Cabinet and to state his views on subjects of special interest to them at this time. The storage of nuclear weapons was one important question on which the President might wish to express his opinions.

The President said that he understood Canada's position was similar to that of France, in that both were affected by the desire of the U.S. to deposit a number of atomic bombs as close as possible to the probable theatre of use. He did not mean that the positions of Canada and

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[26] Note marginale :/Marginal note:
As approved by P.M. J. F[ournier]

[27] Note marginale :/Marginal note:
Seen. N.A. R[obertson]

France were identical, because Canada had an enormous area and an Arctic frontier and because the U.S. stood geographically behind Canada. France on the other hand was part of Western Europe.

France's policy was that nuclear weapons were not wanted on French territory unless under French ownership and control. It was recognized that an atomic war remained possible and that in such an event the U.S. might be in charge of the Western forces, but these circumstances were not considered sufficient to justify the storage of U.S. bombs under U.S. control on French territory. Of course U.S. bombs would be accepted on French territory if given to France. Considerations of sovereignty precluded the presence of foreign nuclear bombs in French territory even if the bombs belonged to an ally.

A supplementary question was asked on France's attitude on the control and operation of bases involving the possible use of nuclear weapons. The President replied that NATO bases already existed in France and were already used by France and other countries including Canada, but that nuclear stockpiles would not be permitted on those bases unless the warheads were owned and controlled by France. The same consideration would govern the construction of rocket bases in France. The U.S. and U.K. possessed atomic weapons but were not prepared to share them with other countries. France understood this viewpoint but the consequences of atomic war were such that France would not delegate to another country, even an ally, the decision on the use of atomic weapons from within French territory. France had reluctantly concluded that it should develop its own atomic weapons.

West German Rearmament

The President said that France did not wish to see an excessive rearmament of West Germany. On the other hand West Germany was an indispensable member of the Western nations, and must be allowed the military capacity needed in this role if that country was to be expected to remain in the Western camp. This military capacity did not include nuclear weapons, and West Germany had undertaken not to produce or to use nuclear weapons. The question was one of observing reasonable limits. France hoped that West Germany would pursue a balanced policy in this regard.

Khrushchev had raised the question of the danger from Germany during his recent visit to France, and the President had told him that Germany at this time was not dangerous either to the Western Powers or to the U.S.S.R., and that Khrushchev well knew it.

East and West Germany

In terms of the remote future and of basic principles, the President said, reunification of Germany must take place. A country cannot remain split forever. On the other hand it was fitting that at this time the Germans should be suffering, in the form of a divided homeland, the consequences of the war they had begun. The East German régime was an artificial one imposed by the Soviet overlords. There was no chance that Russia would allow East Germany to join with West Germany in a combined democratic state. It was therefore not realistic to propose reunification of Germany at this time, and many French citizens did not wish reunification to occur yet. Patience was needed, rather than an attempt to hasten events. In present circumstances there was no solution to the problem of a divided Germany. Sound policy should aim at a détente between East and West, and if such an overall aim were achieved, the solution of individual problems would become easier.

Berlin

West Berlin could not be allowed to pass into Communist hands. On the other hand Russia would never agree to release East Berlin to the West Germans. At this time therefore no real solution existed to the problem of the status of Berlin. Small changes might however be possible, such as the reduction of occupying forces or an agreement on propaganda. If tensions

between the Eastern and Western nations could be eased, new conditions might also be created which would facilitate a final resolution of this problem. Berlin had been divided for fifteen years, and there was no reason to doubt that the division could if necessary continue for another fifteen years.

Spread of Communism

The President said Communism had already had its chance to take control of France during World War II and at the time of the French liberation. Communists had played a significant part in the French underground, and the successes of Soviet arms had increased the prestige of the French Communist Party. They had failed however to capitalize upon these gains, and possibly the President himself had helped to stop them. Now the danger had greatly decreased: the number of Communists in France was no longer growing, and passions had cooled. This was also true of Western Europe as a whole.

The Arab countries were in a different position. The new Arab nationalist groups were seeking support everywhere. Russia liked to give the appearance of being able to help them. The Arab countries however would use help from both East and West for their own purposes. The fact that they might obtain help from Russia did not necessarily mean that the number of active Communists in their midst was increasing.

The real danger was in Black Africa. These peoples were not yet well organized, and their cultures were elemental. Their leaders desired rapid economic development, but did not possess the means. The communist idea of compulsory labour was therefore very tempting to these new governments. This was true of Guinea which had left France, and of Belgian Congo and East Africa generally.

Another important question was whether Russia itself would remain Communist. This was by no means certain.

The Nuclear Deterrent

The President said that in present circumstances, when nuclear missiles could destroy cities after only a few minutes' warning, the only possible defence was nuclear retaliation. This was the reason why the U.S., the U.K. and France had been obliged to proceed with their programmes of nuclear armaments.

It was hard to judge whether nuclear war was likely or unlikely, but the only practical course was to act as if it was possible and to be able to take retaliatory measures. The President did not despair of nuclear disarmament and would be trying to achieve some success in this direction at the forthcoming Summit meeting. The consequences of nuclear war to both sides would be so appalling that wisdom ought certainly to lead to disarmament, but this might take a long time to accomplish.

In the more immediate future it might be possible to reach an agreement or a formal convention on the reciprocal control of missiles and of strategic aircraft capable of carrying atomic weapons. Such a convention might include an undertaking by each side banning the use of missiles and planes as vehicles for nuclear devices, and authority to each side to inspect the activities of the other. France would seek some such arrangement at the Summit Conference.

Algeria

The President said that fortunately the Algerian War was not a large-scale war, and indeed fewer persons were killed in that war than the number killed in France by automobiles and motorcycles. Nevertheless it was a tragedy which the French government was resolved to bring to an end.

The only solution in Algeria was self-determination by a free vote of all Algerians, in the form of a referendum. The French government had proposed a cease-fire, but those opposing

the French arms were wrongly claiming to represent the whole of Algeria for purposes of both a cease-fire and the determination of the country's political future. The French government would make certain that only the Algerian electors themselves would determine who should be their representatives for this second purpose.

Conventional Armaments

In reply to a question about the role of armoured forces in the immediate future, the President said that in the event of a nuclear war the damage would be so enormous that nothing else would be important. If a non-nuclear war should break out, armoured divisions would probably play an even greater role than in World War II. Because of the horror felt by both sides on nuclear warfare, it was essential to be prepared also for conventional war. The Russians were known to be well equipped for conventional warfare.

* * * * *

The Prime Minister thanked the President for his frankness and generosity in expressing his views. *The President* said that the discussion emphasized that the Canadian Ministers were preoccupied with the same kinds of questions as the government of France. Despite differences in the geographical position and dimensions of the two countries, the two governments had very similar viewpoints on these major questions.

497. J.G.D./XII/F/105

L'adjoint spécial au secrétaire d'État aux Affaires extérieures
au sous-secrétaire d'État aux Affaires extérieures

Special Assistant to Secretary of State for External Affairs
to Under-Secretary of State for External Affairs

SECRET [Ottawa], April 23, 1960

PRIME MINISTER'S COMMENTS ON DE GAULLE VISIT

The following is a record of some comments which the Prime Minister made on Wednesday, April 20 concerning his talks with General de Gaulle the previous day. I believe that the Prime Minister's comments covered the visit generally and that they apply therefore in part at least to the meeting of both the Foreign Ministers and Ambassadors on the afternoon of April 19. I am sending a copy of this memorandum to Mr. Fournier who, as you know, is preparing records of the private meeting on the morning of April 19 and also at the General's meeting with members of the Cabinet. Passages sidelined cover subjects which, I understand, were not dealt with at the private meeting or in Cabinet.

De Gaulle's Talks with Khrushchev

General de Gaulle described Mr. Khrushchev as "an old man." In assessing Khrushchev's approach to world problems, de Gaulle said that while he could not be absolutely sure about Khrushchev's sincerity, he had given every appearance of a determination to avoid war and of a deep preoccupation with the objective of raising living standards in the U.S.S.R. De Gaulle inferred that Khrushchev was feeling the pressure of a strong public undercurrent of demand for improved material conditions.

On Berlin, Khrushchev had said to de Gaulle that if a settlement were not reached in two years, he would feel obliged to proceed to sign a treaty with the D.D.R.

Prospects for the Summit Conference

General de Gaulle referred to the forthcoming Summit meeting as the first of many. He attached particular importance to the order in which agenda items would be taken up. Khrushchev would try to focus the discussion early in the Conference on Germany and Berlin. General de Gaulle was sure that no progress could be expected on these items and that to allow them to dominate the early proceedings would be to risk spoiling the whole atmosphere of the Conference. In order to preserve a favourable climate, de Gaulle thought it important that the Western leaders should concert their tactics so as to make disarmament the Number 1 topic, possibly to be followed by an examination of East-West collaboration in the field of aid to under-developed countries. (Examples given by de Gaulle included assistance in developing "the valley of the Nile" and a greater effort to combat tuberculosis on a world-wide scale.)

Referring to press reports, the Prime Minister emphasized that de Gaulle had not said that it would not be desirable to discuss Germany and Berlin at the Summit. De Gaulle's concern, as indicated above, was that as these topics offered little promise of achievement, they should be given a relatively low priority on the agenda. The Prime Minister said that he had agreed with General de Gaulle on this point.

In response to the Prime Minister's questions as to the position which the Western leaders might adopt on Berlin at the coming Conference, General de Gaulle said that it was of cardinal importance to prevent the Berlin situation from developing in such a way as to affect adversely the relations between the Federal Republic of Germany and the Western countries generally. The maintenance of a Federal Republic friendly to the West was "absolutely essential to the Western world." In de Gaulle's opinion there were two possible avenues of progress in the short term on Berlin. Khrushchev might be receptive to an agreement on the reduction of numbers of foreign troops in Berlin, and some mutual arrangement with regard to propaganda activities might prove feasible.

On disarmament, General de Gaulle said that he thought Mr. Khrushchev might be responsive to the idea of reciprocal control of rockets, missiles, launching sites (mobile as well as static) and strategic aircraft capable of carrying atomic weapons. In reply to the Prime Minister's enquiry whether by mobile launching sites de Gaulle intended to include submarines, the General answered affirmatively.

Nuclear Weapons Tests

General de Gaulle stated plainly that France had no intention of giving up its nuclear weapon testing programme. It had done all that was necessary in atomic tests but would have to undertake "quite a few" hydrogen tests in order to bring France's state of experimentation up to the level of the United States and the U.S.S.R. De Gaulle could see no alternative to this unless there were a general international agreement to destroy nuclear weapons.

The Prime Minister informed General de Gaulle that the Canadian attitude towards further nuclear tests was unchanged. Whatever might be one's view as to the real urgency and importance, in terms of the medical and biological hazards, of putting an end to nuclear tests, it was an undeniable fact that public opinion attached tremendous significance to this objective. General de Gaulle was unrepentant.

Algeria

The Prime Minister said that General de Gaulle did not express any very definite views on Algeria. France's losses in Algeria were diminishing, casualties now running at a rate less than traffic fatalities in France. De Gaulle expressed mild confidence in the progress of the military campaign but gave no indication that he expected any significant change in the military or political situation in the near future.

World Fair — 1967

The Prime Minister said that he decided against raising this question with General de Gaulle. He said that Mr. Green had taken it up with M. Couve de Murville.

Miscellaneous

The Prime Minister said that on two or three occasions during the latter part of his visit, General de Gaulle had expressed in very warm terms his appreciation of the reception which he received at the Prime Minister's luncheon [at] the Chateau Laurier.

General de Gaulle told the Prime Minister that he was planning a visit to Latin America next year.

H.B. ROBINSON

SECTION B

ALGÉRIE
ALGERIA

498. DEA/12177-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], January 26, 1960

ALGERIA

Tension has been mounting in Algeria since it became known ten days ago that President de Gaulle would review the situation in this area at a meeting on January 22 with the principal ministers, officials and military commanders concerned. Adding fuel to the agitation created by French right wing elements against self-determination, the corps commander of the Algerian zone, General Massu, allegedly gave an interview last week to a German newspaper in which he was reported to have stated that the majority of officers would not unconditionally execute the orders of General de Gaulle if his plans were designed to reduce or eventually eliminate French authority from Algeria as a result of a referendum. General Massu, who was one of the leaders of the 1958 uprising which led to the elevation of General de Gaulle, was recalled to Paris and relieved of his command. A communiqué, issued by the Presidency after the meeting of January 22, announced that the policy defined by the Head of State, adopted by the Government and approved by Parliament would be carried out.

2. This show of strength on the part of President de Gaulle sparked demonstrations on Saturday, January 23, which developed into riots and open insurrection. As the state of siege was proclaimed and army regular troops proceeded to Algiers, barricades were set up in city streets, shooting broke out, some twenty participants were killed and 150 were wounded in the first clashes. A call for a general strike seems to have been heeded in Oran, Bone and other cities. Today, the barricades are still in place and the insurgents are no less numerous, but there has been no firing.

3. Paris newspapers of all tendencies are unanimous in condemning the outbreak, which is generally regarded as having been carefully planned and prepared by the long-established pressure groups of activists and "ultras," with the support of veterans, students and extreme French nationalist associations under the Comité d'entente des Mouvements Nationaux. The

Government Delegate General, Mr. Delouvrier, appealed to the civilian population for the maintenance of order, promised that no political negotiations were contemplated with the FLN and gave assurances that strong measures would be taken to repress terrorism. At the same time, the new Commander in Chief in Algeria, General Challe, called for discipline among officers and men, since the future of France and Algeria required unity among the Armed Forces, "which goes much farther than your own persons or that of your leaders, whatever your attachment to them." President de Gaulle asked the insurgents in a broadcast to disassociate themselves from a disloyal attempt against France, expressed his confidence in Delouvrier and General Challe and affirmed, "I shall do my duty." Confirming the resolve of the French Government to quell the uprising, the Prime Minister, M. Debré, paid a quick visit to Algiers last night and today reported to de Gaulle. He also made a radio statement confirming the intention of de Gaulle to settle the Algerian problem by the free choice of the people, in peaceful conditions, and repeated the conviction that the decision would be to remain "with France."

4. For General de Gaulle it may well be the critical testing point of his policy. It has all along been known that a strong right-wing group in Algeria supported by influential sympathizers in France have been unable to accept the possibility of ultimate independence for Algeria, but so long as the army remained on de Gaulle's side they had little choice but to accept the General's policy imposed with the backing of the majority in France which his personal reputation is able to command. Massu's reported statement that the army might have been mistaken in supporting de Gaulle was the first serious indication of dissension in the military ranks. With characteristic speed and decisiveness de Gaulle has taken action to prevent its spreading. If he is successful he should be able to continue with the application of his announced policy. If things take a serious turn and the army no longer supports the General, his régime could well come to an end. If, in order to prevent this, he were to modify his Algerian policy to meet the concern of the insurrectionists, his authority would be seriously impaired and the likelihood of bringing the Algerian rebels to the conference table would be greatly diminished. However, now that he has taken his stand it would not be in character for the General to compromise on his declared policy. An important element in the present situation is the apparent solidarity of opinion in metropolitan France where the virtual elimination of parliament as a political force is no doubt a factor.

5. If he retains control of the situation, General de Gaulle will, by refusing to yield to the open defiance of the European extremists, have given a decisive proof to the Algerian rebels of his sincerity and determination to follow the course he set last September. There should be no room now for suspicion on the part of the "Algerian Provisional Government" that President de Gaulle was simply trying to trick them into laying down their arms in order to favour the French elements in Algiers. The "National Council of the Algerian Revolution" recently met in Tripoli and reorganized the Provisional Government by excluding extremist members and maintaining the leadership of Ferhat Abbas, who has been credited with favouring a less intransigent line than some of his colleagues in charge of military operations. The stage may, therefore, be set for a cease-fire.

N.A. R[OBERTSON]

499. DEA/12177-40

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

TELEGRAM 152 Paris, February 9, 1960
CONFIDENTIAL
Reference: Your Tel S47 Feb 2.†
Repeat London, Washington, NATO Paris, Bonn, Brussels, Rome, Hague (Information).
By Bag Cairo, Moscow, Stockholm, Oslo, Athens, Copenhagen, Ankara, Madrid, Lisbon, Accra from London.

FRANCE AND ALGERIA — AN APPRECIATION

We are still too close to the Algerian crisis and its aftermath to make an assessment which I would be satisfied would hold good on a long term. I have, however, been as conscious as you of the necessity to make a preliminary assessment, and had delayed doing so to determine what action the government intended to take against the insurgents, those in the Metropole who were linked with them, and with those in the army who were in collusion with the leaders in Algeria.

2. With the changes in the government, the arrest of a number of civilians, and a shifting if not repeat not the removal of some army officers, it is possible to analyze the trend of events, if not repeat not to predict the future.

3. The immediate result of the events in Algeria of January 24 to February 1 was to give, for a period of one year, to President de Gaulle and his government wide powers over an important and vaguely defined segment of public affairs. In sum it means an increase of the General's personal power. It is paradoxical that this has occurred at a stage when Parliament, and an increasingly widespread body of metropolitan opinion, had begun to wonder whether the powers and policies of his government were not repeat not out of step with the needs and desires of present day France, and when a reaction had set in against an apparent evolution, despite the constitution, toward a presidential form of government. What this development means for the political future in the Metropole is not repeat not yet apparent: it will depend on how, and for what purpose, de Gaulle uses his special powers.

4. During the insurrection de Gaulle was sustained in continental France by the normal body of law abiding citizens and those to whom his name signifies a saviour and the symbol of unity in time of national peril. He has been supported in addition by a very evident manifestation of political solidarity amongst the militant extra-parliamentary factions of the left who were fearful of the prospect of the success, through conspiracy, connivance and force, of the extreme right in Algeria and subsequently in the Metropole. The now proven ability of the large but ordinarily disparate segments of the left to organize in parallel if not repeat not in unity against the threat of authoritarianism introduces a new factor into the political life of the Fifth Republic which, in terms of political representation in the National Assembly, has been strongly right-wing in character. If this phenomenon is here to stay it may act as a brake, and a much more effective one than that provided by the present parliament, on any tendency which General de Gaulle and his government might develop to press too far the exceptional powers which are now theirs. It may also act as a goad to the government to pursue with persistence its initial efforts to bring to book those responsible for the insurrection in Algeria as well as those

in the administration and army who will not repeat not or cannot repeat not understand and apply the principles of the General's policy of self-determination.

5. In Algeria, support for the President and his policy of September 16 took, during the insurrection, the form of saying nothing and doing nothing: it was only after order was well on its way to reestablishment that the liberal and politically alive Moslem elements expressed themselves unequivocally. In spite of successive appeals to the Moslems from the European insurgents and their sympathisers on the one side that they support "Algerie française" and the Delegate General on the other who would have had them immediately manifest their attachment to General de Gaulle, they were unresponsive. This has been construed as evidence of political maturity. Whatever the motive for their obstinate disassociation at the time of stress, and fear of the results of sticking their necks out was probably uppermost in their minds, the consequence has been their further political separation from the bulk of the European element of the population of Algeria. The vote on the special powers bill in the National Assembly is particularly indicative of this development as is the resignation from the Groupe pour l'unité de la République of eight of its Moslem members.

6. The insurrection has had the effect of firming up the division between those who support de Gaulle and his policy and those who do not repeat not. That policy had been approved in the National Assembly by a vote of 441 to 23: the Special Powers Bill was passed some three months later by 441 to 74 (corrected tally). Behind those figures lies the shift of a further group of the independents into outright opposition either from a previous position of support or from that of abstention and a split in the Algerian representation in large measure on racial lines, the Moslem representatives increasingly placing their faith in de Gaulle and a distant Metropole instead of the Europeans of Algeria and the army which helped to elect them in 1958, a development which may bear its dangers as well as its advantages locally.

7. The trial of the events in Algeria has also further refined relationships within the Cabinet. Soustelle's departure and the introduction of Messmer as Minister of the Armed Forces, a strong official, who is regarded as one of the principal architects of the French Community, with views close to de Gaulle's, should make government at the higher level more cohesive and administratively responsive to the policy of September 16. Against this, Soustelle, one of the leaders of the May 13, is now free to revive his own political organization (the USRAF), and, if he wishes, to try to split the ranks of the governments UNR Party. Thus the General has abandoned more than ever his notions of presiding over an all-opinion Cabinet, in favour of one which will work to his pattern, leaving the opposition outside where it belongs.

8. The equivocal approach of the army to de Gaulle's policy had been evident in Algeria since September 16. In a curious way this situation finds its echo in de Gaulle's own philosophy on military integration. In his view, forces only fight effectively for la Patrie; internationalization divorces them from the essential element of a deeply held sense of mission. In Algeria, the army's complaint has been that their mission has been obscured, indeed made two-faced, so long as two out of three of the possible choices of the people, which will be dominated by a Moslem majority, are immediate secession or independence, as they maintain, by stages. The, at best, complacent behaviour of the army in Algeria at the end of January, even if it is publicly purged of officers who identified themselves with the persistent fear of the Europeans that self-determination would have disastrous results for their interests, will not repeat not be soon forgotten on either side of the Mediterranean. In effect, the army tried to act as an arbitrator between its friends in Algeria and the President, supported by the great majority, in the Metropole. In the upshot they decided to obey orders, although the degree of obedience was never put to the test by an order to fire on the insurgents. Given the facts of the rebellion and the dual mission and responsibility of the army, at once military and civil, it would be natural for that tendency to recur in the future if a cease-fire does not repeat

not intervene. Even the moving around or the purging of the more responsible officers, or their withdrawal from civil functions, can hardly change a climate of opinion, which stems in part from the nature of the war, and the inevitable identification of the army with the life of the country.

9. A further consequence of the insurrection, an obvious one, is that the European minority has made itself felt in the Elysée where, many consider, it had not repeat not been sufficiently taken into account by the President. In the past he has been fully conscious of the necessity of formulating his policy so as to encompass the natural ambitions of an FLN or extreme nationalist minority. Now for the first time there are signs that he realizes he must take account of the strong and suspicious European minority and its fringe of committed Moslems, if he is to prevent the frustration of his directives. The result is likely to be a programme designed to condition the population to a clear-cut realization of what his policy means. In short, the final solution cannot repeat not be an imposed one either for the Moslems or for the Europeans, but both must be helped into having a confident outlook for the future.

10. The manner in which the Europeans and elements of the army are to be persuaded or cajoled into acceptance of the inevitable can have repercussions on the possibilities of a cease-fire with the FLN. However that may be, de Gaulle has already made it clear beyond doubt that there will be no negotiations with the FLN on anything other than the military aspects of a cease-fire and that the army will be present at the eventual consultation of the Algerian people. These two points of policy were not repeat not conceded by the President as the result of the insurrection: they have been a permanent part of his policy from the start. The FLN for their part accept the principle of self-determination but are adamant in their request for mutual agreement on effective guarantees for and the conditions under which the policy of self-determination is to be applied. If, as is anticipated, the aftermath of the European insurrection in Algeria implies the conditioning of the army and administration to ensure that they will not repeat not disobey or frustrate the President's instructions, it is possible that the FLN might be prepared to accept the French Government's unilateral terms for a cease-fire. Such an eventuality, nevertheless, seems at present to be unlikely given the present climate of Algeria: in any case the refashioning of the attitude of the authorities in Algeria will take a considerable length of time, time which the FLN will attempt to use to its advantage in the international field in the hope of gaining further support for its cause.

11. Perhaps one of the most difficult problems for the General is to maintain his timetable for Algeria against the pace set for the emergence of the French community into semi-autonomous and independent states. Granted, that in Algeria the problems arise because of the large settled European population, as opposed to black Africa, where there is no repeat no settled white minority, but to hold back the Moslems (who must now more than ever believe in de Gaulle) because of European counter-pressure may be hard indeed.

12. On balance the General has come out of the crisis a more powerful, perhaps a wiser, and most certainly a sadder man. I do not repeat not think he ever imagined the army would try in the final analysis to disobey him. Nor do I think he fully realized the forces in play in Algeria. In retrospect, I believe that it is just as well that so many people stood up to be counted sooner rather than later. General de Gaulle has won an important battle: he has not repeat not yet won the war. Algeria remains the dominating factor in French politics.

[PIERRE] DUPUY

500. DEA/12177-40

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

TELEGRAM 1108 Paris, October 12, 1960
SECRET. CANADIAN EYES ONLY. PRIORITY.

ALGERIA

It was to be expected that General de Gaulle having been recalled to power in 1958 as the only one able to restore peace in Algeria, while protecting her link with France, his failure to do so would cause disappointment and criticism among an increasing number of French people after a period of two years.

2. Until lately he has benefited by the general support of the French population with the exception of the Communists and small groups of diehards on the extreme left and a minority of activists on the extreme right. Although slow, progress appeared constant. Military operations were reduced to skirmishes, the bulk of the rebel forces being unable to cross the border from Tunisia or Morocco. The Constantine plan for economic development[28] was being successfully implemented. Normal life was almost restored in large towns and populated areas. Even sporadic terrorist attacks were taking place on a reduced scale, casualties amounting to less than fatal motor accidents on the French roads. Last but not repeat not least the promise of auto-determination opened the democratic way to an honourable settlement.

3. This favourable evolution was bound to lead sooner or later to armistice negotiations. In fact they started in Melun in May last. An agreement would most likely have been reached if France and Algeria had remained the only two parties in cause, but this was no repeat no longer the case. It has been known for the last few years that the leaders of the rebellion are divided among themselves some being connected with Moscow or Peking (where they paid several visits), other with Cairo and the more political and reasonable group with Tunis. It is President Bourguiba who persuaded the latter that the GPRA would lose face both in Algeria and in the world if they were stubbornly to refuse sending a delegate to Paris at General de Gaulle's repeated invitations. Cairo objected to this course very strongly and the Egyptian press made no repeat no mystery of its opposition. However, the main resistance came from the military leaders of communist allegiance who finally considered that there might be some advantage in sending delegates to Paris since there was practically no repeat no risk of France accepting their two objectives, which were (a) de facto recognition of the GPRA as the driving force likely to take over in Algeria and (b) withdrawal of the French army from Algeria before the referendum on auto-determination. It was obvious that even if General de Gaulle were ready to discuss on such a basis — which appeared unbelievable — the reaction first of the French Algerians backed by large sections of the Moslem community and second of the French army, who could not repeat not agree to being deprived of their so-called victory in the field, would make a settlement impossible. Then the chapter of direct negotiations with France could be closed and a new one opened for a settlement through international pressure. Conditions appeared favourable as the failure of the Summit Conference was marking a

[28] Voir/See Henry Tanner, "De Gaulle Vows to Help Algeria Gain Prosperity," *New York Times*, October 4, 1958, p. 1.

resumption of the Cold War and as the forthcoming meeting of the UN Assembly would facilitate cooperation of all anti-colonial forces against France.

4. When I saw General de Gaulle after the Melun talks he told me that the GPRA delegates would soon be coming back. He appeared so certain of this that I thought his conviction was based on info which could not repeat not be given to me. Events have since proved him wrong. Either he has been ill-advised, which is the explanation given to me by M. Maurice Schumann, President of the Foreign Affairs Commission, or his historical background has led him once again to reason according to the usual pattern of armistice negotiations, when the defeated party has no repeat no other alternative than accepting the victor's conditions. In any case it can be said that General de Gaulle has failed to see or has under-estimated the seriousness of the GPRA's manoeuvre in trying to regain in New York the ground lost in Algeria. If another proof were needed of his lack of grasp his policy of abstention in the UN debate on Algeria is sufficiently convincing. This purely legalistic position is more than ever being blamed in France, even among the President's closest supporters. In fact, I know from two official sources that M. Couve de Murville has informed the General that his only reason for not repeat not resigning from the Cabinet was his reluctance to leave the ship in the middle of a storm.

5. I think something should be said not repeat not to excuse but to explain General de Gaulle's psychology regarding UN. He had never expected to obtain approval by the Afro-Asiatic group or the Communists of his Algerian policy, but last year he made a definite effort to win USA support in promising auto-determination through a referendum that could lead to independence. When he submitted this plan to President Eisenhower a year ago in Paris the reaction was so favourable the General de Gaulle felt he could count on the USA vote. His disappointment was all the more bitter with what followed or failed to follow. Maurice Schumann told me that the General had been deeply humiliated and had lost faith to a certain extent in Western solidarity. This had led him to UN-diplomatic remarks about the "so-called UN" and to his negative policy towards the organization. According to the above named, if the USA were to be a little more cooperative on the Algerian problem that would change the atmosphere at once.

6. In pursuance of its new policy, the GPRA has proposed a referendum under the UN to decide on the future of Algeria. In other words, the present control exercised by the French authorities, both civil and military, would have to make room for some sort of UN presence. This first move along would involve a loss of face in the eyes of the Moslem population. Being anxious to remain on the winning side, they would switch their weight towards the FLN thus provoking reactions from the French minority that could soon develop into a civil war. Moreover the UN representatives would have to be selected from all sections, including Afro-Asiatics, Communists and naturally FLN. The rule of impartiality would then be difficult to maintain. The FLN are masters at terrorism not repeat not only against the French but even more against their own people. One only needs to read about the killings that are taking place in France in order to punish Moslem workers refusing to pay a monthly contribution to the FLN fund. Without the protection of the French forces the Algerian situation would degenerate into a state of disorder that would require the intervention of blue helmets in unlimited numbers, without much hope of a satisfactory solution before long.

7. Here it might be well to recall that from the old Roman times Europe has been considered undefendable if and when North Africa is under enemy control. The last war has confirmed this fact and it explains why Algeria has been included within the NATO area. France is fully aware of the strategic necessity of protecting Algerian territory against Communist penetration under the cover of nationalism. As a precedent Sekou Toures example appears illuminating enough. In the course of a conversation I had recently with M. Bourguiba Jr. on the Algerian problem he was quite ready to admit the presence of communist elements in the GPRA and the

support coming from Communist countries. As an explanation and excuse he said "In order to achieve independence one would accept the devil's cooperation but that doesn't mean that the government of a future independent Algeria would be of Communist tendency." It happens that these Communist elements in the GPRA represent the army that is the decisive forces [sic]. Why should they become less Communist when in power in Algiers? The least that can be said is that they constitute a risk and considering events in Cuba and the ex-Belgian Congo the French are not repeat not ready to take it.

8. Under such circumstances is there a solution in view? In my opinion the UN Assembly should take advantage of the presence of these new delegates from the French community to request them to study on their behalf the question of the Algerian referendum with the French government. I am almost certain that their report would show that General de Gaulle is in favour of a sincere and loyal consultation under UN supervision not repeat not control, and that the conditions laid down would appear reasonable and legitimate enough to make it difficult for the GPRA to turn them down without losing face.

9. I hope to see General de Gaulle within the next few days and will not repeat not fail to report to you on our conversation.

[PIERRE] DUPUY

501. DEA/12177-40

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

TELEGRAM 1144 Paris, October 19, 1960

SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.

Reference: My Tel 1122 Oct. 17.†

Repeat NATO Paris, Permis New York, Washington, London, Rome, Brussels, Hague, Candel New York, Bonn, Geneva (Information).

CONVERSATION WITH GENERAL DE GAULLE

I called on the President yesterday at seventeen hours and found him in good physical condition notwithstanding the strain of the last weeks, and as serene as ever notwithstanding the tide of criticism that is mounting around him.

Community

2. I took as a pretext for my requesting an audience my forthcoming departure for Africa.[29] The General reacted very favourably and thought it was an interesting time to see how things were developing over there. In his opinion, conditions both in the communauté and the whole of African continent would remain unsettled for quite a long period. At the present moment little progress could be achieved because of the confusion resulting from the demagogic policies of USSR and USA. It would have been already difficult for the UN-experienced African leaders to build their respective governments and countries as they rise from a more or less primitive era. It would have meant concentrating on realities at home, but instead of that they are dragged into the whirlpools of the cold war. Words become more important than deeds and naturally they crave for a brilliant role on the "burlesque" stage of the UNO.

[29] Voir chapitre X./See Chapter X.

3. Last summer, the General said he had written to Eisenhower and to Macmillan asking for consultations on the Congo crisis. He had thought this was a good occasion to give a proof of a common Western front in Africa. Congolese leaders would have been summoned to respect the Treaty just signed with Belgian government or the Belgians would have to stay with the support of Western powers if necessary. Also latter could have made a common declaration stating that no repeat no Communist interference would be tolerated in the Congo. Washington reply was negative and London followed suit. Instead UNO were called in and now Ghana and Guinea contingents are supporting their respective government's policy in Congolese affairs. "This will only lead to chaos which might progressively spread to the whole of Africa."

4. I resisted temptation to argue with the President that he also should take certain facts into consideration. How could USA after having for such a long time followed a policy of decolonization associate themselves openly with the two countries still busy in disentangling themselves from their former empires, all the more so when France is still fighting in Algeria. This would have been more playing in the hands of Soviet and Afro-Asiatic propaganda. I think de Gaulle's reasoning is here of particular interest in that it shows him still thinking in terms of nineteenth century methods when military and naval demonstrations by the big powers were the rule. His reactions are more that of a general than of a statesman since he fails to see possibilities, however difficult, of international cooperation within the framework of UNO. This is less understandable after Korea, Suez and even Congo.

Algeria

5. The President switched to Algerian problem, saying that day by day an "Algérie algérienne" was being built in every field. As soon as UNGA discussions on Algeria would be over he would move a step further by creating a "conseil de gouvernement" in Algeria which would be followed by an "Algerian Government." If and when rebel elements outside the country would wish to join in a common effort to develop Algeria as a modern and free state they would be welcome. Meanwhile France would have to go ahead with Algerians in Algeria. He referred with satisfaction to the 800,000 children, 600,000 of whom of Moslem faith who had entered school in Algeria last month.

6. I said that apparently stumbling block on the way to an armistice was the discussion of conditions under which the referendum was to be held. He looked surprised "But I have again and again stated that the referendum would be free and loyal." However if the rebels were hoping to obtain the withdrawal of the French forces they were mistaken. Such a withdrawal would provoke a flight from Algeria a hundred times worse than from the Congo, involving a few hundred thousand people not repeat not only French but in greater numbers Moslems. In fact he thought that it would lead to a massacre to be compared to that of the Indian-Pakistan partition. He expressed hope that following a quiet and normal referendum Algérie algérienne would remain in friendly cooperation with France. If on the contrary severance were to be complete "they would be absolutely free to go as proved by the real independence now enjoyed by communauté states but our retreat from Algeria would have to be orderly and dignified. Only the Soviets can profit by confusion and chaos." To my knowledge the General has never gone as far in contemplating the future of Algeria. As a conclusion he added that there was little the UNGA could do even with the best intentions to solve the Algerian problem.

European Integration

7. I enquired whether the General had any news to give me concerning European cooperation. He answered that there would be a summit meeting of the Six in December. He had reason to think that it would lead to regular meetings where a Common European policy would be discussed and (he hoped) reached. A secretariat would most likely be organized to handle

necessary documentation and prepare future meetings. There was no repeat no question of a European referendum. Germans seem to have killed the idea by referring to the bad reputation left in German minds by past referendums.

8. For the first time in my conversations with him de Gaulle said it would be necessary to find a way of associating UK with the Six, even if it were impossible for her to assume full membership. The first year of the Common Market had shown that England had increased her trade with the Six and this should be encouraging. Difficulties would have to be tackled one by one as they arise. Essential thing was to maintain European unity.

French Nuclear Force

9. The President is convinced that present debate in Assembly will result with the approval of his policy by a fair majority. He said he understood the objections of some of his own friends who were approaching the problem more from a short than a long term point of view. In the long run it would prove unwise, according to his opinion, to count forever on USA support to assure independence and survival of France and Europe.

[PIERRE] DUPUY

502. DEA/12177-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], November 16, 1960

ALGERIA

General de Gaulle's radio speech of November 4 has produced a number of significant reactions which, together with some excellent reports from our Embassy in Paris, make it somewhat clearer what General de Gaulle has in mind as a solution to the Algerian problem. By common consent the General's program is at once pragmatic and progressive. He is evidently prepared to take the necessary steps to advance his solution. He is not prepared, however, to retreat. He has not therefore thought it possible or desirable to say with any exactitude what action he is going to take or in what order. There are some grounds for identifying what the elements of his program are while realizing that they may be juggled as made necessary by public reaction of the diverging pressure groups as the program progresses.

We have been accustomed to think, as the General himself apparently did once, that an Algerian solution presupposes a cease fire, negotiations in which the FLN would participate, and the creation of an acceptable status for Algeria. There is now reason to believe that these elements are not going to be dependent upon each other. He has foreshadowed the creation of an Algerian republic with or without FLN participation; a unilateral cease fire; a referendum to determine the association with France. None of these actions depend upon FLN participation but the FLN cannot be discounted. Once an Algerian republic was created, however, the responsibility for negotiation with the FLN would move from the French Government to the Algerian Government and possibly the arrangements for cease fire would also to some extent become the responsibility of the Algerian Government. This rather dimly outlined program has been tried on with various elements in France, particularly with the French Army and we have had at least one report which leads us to believe that this sort of solution would not be resisted by the military. The report confirms our own appreciation of what the French Army's reaction would be to a solution which will offer them the opportunity of claiming a constructive part. It

could be said with some justice that the success of the French Armies in Algeria had created the conditions in which a unilateral solution was possible and the association of the FLN could be presented as an act of grace and not a military necessity.

Clearly de Gaulle is now giving political content to his judgment that there is a genuine body of nationalist Moslem opinion in Algeria which excludes the too-pro-French "tame" Moslems at one end of the spectrum and the extremists represented by the G.P.R.A. at the other. The success of his solution will depend on his judgment being proved correct by the emergence of a responsible body of Moslem political representatives willing and able to constitute de Gaulle's Algerian Republic.

As has already been said General de Gaulle's method in carrying out this program is pragmatic and progressive. He will move as quickly as possible towards his goal in any direction which circumstances require except backward. At present he is feeling out his opposition, which is ranged in varying strength from right to left, thinking perhaps in military terms that he should advance first where the opposition is weakest. At the same time where he has encountered opposition he has taken vigorous steps to isolate and remove it, e.g., the dismissal of Monsieur Jacomet, the second senior official in Algiers. He has already learned what sort of political support he can expect inside France by studying the reactions of various leaders to his speech of November 4. The results should be quite encouraging for him. He has recently interviewed representatives of the French Army and of the French Community. In addition to these preparations General de Gaulle served notice on those who might oppose him that he was prepared to carry through his policies by use of the virtually dictatorial powers permitted under the Constitution. He has also announced that if necessary he will seek the support of the French people for his policy by referendum.

From the point of view of France's friends perhaps the most crucial question is that of timing. In order to break through the opposition which is ranged against him all around the political arena General de Gaulle has had to choose a method of operation which makes this an extremely difficult question to answer. We have had estimates by people in a good position to know that so far as the French Government side is concerned the program will be implemented within six months. It is difficult to say in what way or how long it will take to obtain FLN participation and complete the process although in our view it can be accepted that come what may General de Gaulle's program will go forward as quickly as events permit it to.

Canada is concerned in the Algerian problem in two contexts; United Nations and Nato. So far as the U.N. is concerned there is reason to believe that the most recent developments will ease the position of those who have faith in de Gaulle's integrity and confidence in his judgment when the Algerian question comes up for debate in the General Assembly. There are impressive indications that a solution fully consistent with the Charter is being worked out and that no other agency exists which is in as good a position as de Gaulle to promote this solution. Of course it cannot be achieved as quickly as many would want and pressures will develop in the U.N. to attempt to take control from the French President. It seems at this juncture that this would be more likely to frustrate than facilitate the establishment of an Algerian republic — which General de Gaulle bluntly acknowledged on November 4 was his aim. We shall have to consider how the U.N. can best contribute to the solution of the Algerian problem which we now think is beginning to emerge.

The idea of the declaration of an independent Algerian republic raises a problem for Nato. As you are aware, the coastal territory of Algeria is included in the Nato area and some action by the organization would be required either to terminate that relationship or to place it on a new footing. No doubt the French will have some views on this particularly if the Algerian republic is established without direct FLN participation.

We have been informed that the Algerian item is to come up for discussion in the First Committee on December 5 and instructions will have to be prepared shortly for our Delegation.[30] It would therefore be helpful for us to know if you agree with this general appreciation of the Algerian situation.[31]

N.A. R[OBERTSON]

503. DEA/12177-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], November 16, 1960

ALGERIA

In our memorandum to you on this subject of today's date I drew to your attention a number of possibilities concerning General de Gaulle's intentions regarding Algeria. Since that memorandum was drafted the French Government has announced its intention of holding a referendum on "the organization of public powers in Algeria" as an interim measure until circumstances would permit the Algerian people to exercise their right of self-determination. No date was set for the referendum but press speculation suggests that it will be toward the end of January. If there was ever any question of General de Gaulle's intention to press on with his solution of the Algerian problem this action makes his decision irrevocable. All indications are that the results of the referendum will support General de Gaulle but should for any reason they fail to do so it would mean the end of the General's régime.

The precise terms of the referendum have not been announced but it appears that a draft law will be submitted for popular approval and if approved it will come into effect immediately. From what we know of the General's intention the draft law would provide for the separation of the North African Departments of France from the Republic and the setting up of an interim régime which, while obviously dependent on France for the maintenance of security and other services, would be as independent as possible for purposes of negotiating with the rebels both for a cease fire and for their participation in the process of determining the ultimate future of Algeria. The great question is whether the "interim republic" of Algeria will attract a sufficient degree of support from hitherto uncommitted Moslems to refute the inevitable claim, by the FLN, that it is nothing but a French puppet. If General de Gaulle follows his previous pattern of action he will devote the time between now and the holding of the referendum to the task of ensuring a maximum degree of Moslem participation. It is said that he intends to visit Algeria before the referendum takes place.

It is impossible not to admire both the courage and the wisdom of General de Gaulle's conduct in recent weeks. Although what the General seems to have immediately in mind is well in advance of the most optimistic expectations, it is by no means sure to succeed. The establishment of the "interim republic" will be a difficult and delicate task. The association of the FLN with this Republic and the laying down of arms is certain to create near panic among

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[30] Voir chapitre premier, 1ère partie (d) (v). /See Chapter I, Part 1 (d) (v).

[31] Notes marginales :/Marginal notes:
OK. H.C. G[reen]. 16/11.
SSEA agrees. R. C[ampbell]

the French *colons* in Algeria. The decision on the future course of Algeria, implying as it does the possibility of total independence from France, will offer further problems involving, as it probably will, the withdrawal of French forces. The idea that they might be replaced by at least large elements of the "Army of National Liberation" will be a source of disquiet. Other problems implicit at General de Gaulle's "solution" can easily be imagined, e.g. the future of the Sahara oil reserves and French investment in Algeria.

In this situation the French Government will need all the support it can get. As you know it has been our public position that the best hope for a solution was with General de Gaulle and that he should be helped rather than hindered in what we recognized as the most difficult of circumstances. In our view there can be no question but that General de Gaulle is at last doing what we have been publicly hoping he would be able to do and it would seem to be in the best interests of ensuring a settlement of this dangerous situation to offer some expression of encouragement as occasion arises in Nato, in Paris and possibly with the French Ambassador here. This will also no doubt be the line we will wish to follow in the U.N.[32] but the precise way in which it should be done will depend upon the reaction of the Afro Asians, the attitude of the French and consultation with our friends.

N.A. R[OBERTSON]

[32] Note marginale :/Marginal note:
OK. H.C. G[reen] 17/11

CHAPITRE VI/CHAPTER VI

UNION DES RÉPUBLIQUES SOCIALISTES SOVIÉTIQUES ET L'EUROPE DE L'EST
UNION OF SOVIET SOCIALIST REPUBLICS AND EASTERN EUROPE

PREMIÈRE PARTIE/PART 1

UNION DES RÉPUBLIQUES SOCIALISTES SOVIÉTIQUES
UNION OF SOVIET SOCIALIST REPUBLICS

SECTION A

VISITE DU MINISTRE DU COMMERCE À MOSCOU
VISIT OF MINISTER OF TRADE AND COMMERCE TO MOSCOW

504. J.G.D./VI/846/U56

Le ministre du Commerce
au premier ministre

Minister of Trade and Commerce
to Prime Minister

PRIVATE AND CONFIDENTIAL Ottawa, April 27, 1960

My dear Prime Minister,

I have returned from Moscow[1] with a revised opinion of the Russian leaders. This is a result of meeting with Mr. Kozlov and Mr. Mikoyan and hearing their expression of friendship for Canada. Also as a result of conversations with our own Ambassador, Mr. Johnson, who has been there for over three years, and with the Ambassadors of India and France who have been there for many years and who are familiar with Russia as it was under Stalin.

Their main points were that there has been a marked relaxation of tension and of rigid controls and restrictions; that Khrushchev, Kozlov and Mikoyan are "moderates" in contrast with Stalin and his colleagues and that their desire for peace and friendly relations is genuine. Mikoyan is a survivor of the old régime but, in their opinion, has survived because he has not been ambitious for leadership but has been the most reliable expert in the fields of economics, trade and development.

Kozlov, Mikoyan, Patolichev, Saborov and various officials talked with enthusiasm about their plans for development. They have a seven-year plan and are framing a twenty-year plan. They are rebuilding Moscow, widening the streets, tearing down the old sections, erecting large apartment buildings. Mr. Johnson told me that similar activity is evident in other parts of Russia. They spoke of the need for factories, hydro-electric plants, general industrialization and agricultural improvements to meet the needs of a population of two hundred million

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[1] Churchill était à Moscou pour signer le Traité commercial Canada-URSS. Voir *Recueil des traités du Canada,* 1960, n° 4.
Churchill was in Moscow to sign the Canada-USSR trade treaty. See *Canada Treaty Series*, 1960, No. 4.

increasing by three million each year. They showed a genuine interest in developing trade and Mikoyan in particular stressed the fact that they do not expect to become self-sufficient.

They made light of economic warfare obviously aware of Western fears which they said were groundless. They themselves mentioned the incident of aluminum "dumping" of two years ago.

Tourist visits to Russia are on the increase. Last year five hundred Canadians and five thousand Americans visited Russia. This year they expect twenty-five thousand Americans. Mr. Johnson believes that any limitations that may be imposed with regard to the number of visitors will be because of lack of hotel facilities. Outside of the major cities he said that hotel facilities were incredibly primitive. In the larger cities hotel accommodation is very limited. A new hotel of 2000 rooms is under construction in Moscow.

I now doubt very much many of the stories that we have read about Russia. As the Indian Ambassador, Mr. Menon said, the West is still thinking of the Russia of Stalin's day.

I entertain doubts also of American opinion concerning Russia and our impressions of Russia are likely derived largely from American accounts.

The purpose of this letter is to suggest that you give serious consideration to making a visit to Russia. It was not mentioned while I was there and I did not raise the subject but I recall that you said to me that the Russian Ambassador had already suggested a visit.

There is no doubt about the unique position that Canada occupies in international opinion. I was deeply impressed by Mr. Mikoyan's tribute to Canada at the luncheon following the signing of the protocol. It was so unexpected and so obviously sincere.

Mr. Mikoyan was greatly impressed and touched by the reception he received at Halifax.[2] He expected that he would be there for a few hours in a transit hotel and be afforded only a perfunctory welcome. He mentioned with obviously sincere appreciation his reception by Angus MacLean, Premier Stanfield and the Lieutenant-Governor of Nova Scotia. Canadian hospitality surprised and delighted him. In particular he mentioned the telegram that you sent and which he read en route to Mexico.

For these and other reasons I believe that Canada can play a very important role in easing the tension between Russia and the United States. A major break-through is required and it may be that you could effect it.

I consider that a visit by you at an appropriate time this year should be considered. A period of ten days would be the shortest that should be planned, for the Russians, although very proud of Moscow, have an immense pride and love for Leningrad and the Black Sea area which they repeatedly mentioned to me and would expect you to visit those places as well as some of their industrial areas.

Although I may be wrong about the Russians and although their friendly attitude and their expressed desire for peace may be misleading, nevertheless in this period of oppressive international tension I believe that we must be prepared to go half-way at least. I freely admit that this is a changed point of view for I have been anti-Russian but I have so many reservations in my mind concerning American foreign policy and Big Four meetings that I consider that something further should be done.

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[2] Voir/See Volume 26, document 351.

Your position of leadership in Canada has been firmly established, your standing in the international field is very high, this is the type of enterprise for which no one is better suited, and Canada is free from suspicion as to ulterior motives.

Yours sincerely,
GORDON CHURCHILL

SECTION B

CONVERSATIONS DE L'AMBASSADEUR DU CANADA AVEC LES DIRIGEANTS SOVIÉTIQUES
CANADIAN AMBASSADOR'S CONVERSATIONS WITH SOVIET LEADERS

505. DEA/2462-E-40

L'ambassadeur en Union soviétique
au secrétaire d'État aux Affaires extérieures

Ambassador in Soviet Union
to Secretary of State for External Affairs

TELEGRAM 296 Moscow, June 13, 1960

CONFIDENTIAL. PRIORITY.

Reference: My Tel 293 Jun. 11.†
Repeat Disarmdel, Permis New York from Ottawa (Information).

CALL ON MR. BREZHNEV

I began the talk by saying that as representative of Canada I wished to pay my respects to Mr. Brezhnev on his appointment to his (group corrupt). Mr. Brezhnev thanked me and then surprised me by asking if the physical conditions under which we work were such as to enable us to do our work properly. I took advantage of this to openly mention fact that we had inadequate office space and hoped the office building now under construction would soon be ready for occupation.

2. Mr. Brezhnev then said that the Soviet Union attached importance to good relations between Canada and USSR. Did I think they were satisfactory? I replied that though our bilateral relations were reasonably good there was room for improvement. However I pointed out that our relations with USSR depended to a large extent on East-West relations and no repeat no one could say that they were now good. Mr. Brezhnev without pressing the point said the Soviet view that USA Government was solely responsible for events at Paris[3] was well known. I replied this was not repeat not our view. However, I went on, instead of dwelling on past we should now look to the future. Even though there was little prospect of an early summit meeting negotiations would we hope take place with USSR at various lower levels. I mentioned the importance we attach to the work of Ten Power Disarmament Committee and referred to Mr. Diefenbaker's letter to Mr. Khrushchev of June 6.†

3. Mr. Brezhnev was forthcoming and said he entirely agreed with the views I had expressed. The USSR also attach great importance to the work of Disarmament Committee and hoped the

[3] En d'autres termes, l'échec de la Conférence au sommet. Voir chapitre II, 2e partie.
That is, the failure of the summit conference. See Chapter II, Part 2.

Soviet proposals which were made only after very serious consideration would receive attention from the West that they deserved.

4. I then said I was sure my government hoped trade and cultural relations between our two countries would expand. Brezhnev first took up point about trade. He said Canada was a very rich country and that there should be possibilities of "unlimited" trade between our two countries. So far he said we had only scratched the surface. About exchanges Brezhnev said Soviets would welcome expansion of exchanges between our two countries. He pointed out there were many more exchanges with USA than Canada which were not repeat not accounted for by differences in population.

5. I mentioned fact that breakdown of Summit had not repeat not affected adversely visitors in USSR since they had spoken to me of warm welcome which they had [received]. Brezhnev said he could assure me that visitors from Canada would always receive a warm welcome.

6. Brezhnev then asked me some questions about Canada. He was interested in our wheat production industry, climate and so forth.

7. Brezhnev, I am satisfied from this talk, intended to create impression that Soviet Government despite outcome of Paris meeting wished to continue negotiations with West on disarmament and other questions and to expand trade and cultural relations with West. In other words he gave impression that Soviet Government was anxious to avoid a return to worst period of Cold War.

DAVID M. JOHNSON

506. DEA/50170-40

L'ambassadeur en Union soviétique
au secrétaire d'État aux Affaires extérieures

Ambassador in Soviet Union
to Secretary of State for External Affairs

TELEGRAM 537 Moscow, November 5, 1960

CONFIDENTIAL. EMERGENCY.

Reference: My Tel 538 Nov. 5.†

Repeat London, Washington, NATO Paris, Paris, Permis New York, Bonn from Ottawa (Information).

RUMOUR ABOUT CHANGE OF GOVERNMENT

Ten days ago I asked Protocol Division if they would arrange farewell interview for me with Mr. Brezhnev and Mr. Khrushchev. As I reported in my reference telegram I saw Mr. Brezhnev this morning November 5. At 2:30 this afternoon a message came that Mr. Khrushchev would see me at 3:00 pm. This was unexpected since he only returned from Black Sea this morning and has to receive many foreign communist visitors today.

2. When I arrived shortly before three p.m. a meeting of Praesidium was breaking up. Brezhnev, Polyansky, Svernik and several others came out. Gromyko remained during our interview.

3. Khrushchev looked well and was in very good humour. He began in a jocular way. Grinning broadly he spoke along these lines. "According to *Western Press* I am in jail. When however I heard Canadian ambassador was leaving I asked permission to come out of jail and receive him. After you leave I shall go back to jail again but I am sure I shall be let out for

parade and reception on Monday." He dismissed rumour as wishful thinking on part of some people in West.

4. I thanked Mr. Khrushchev and Mr. Gromyko for kindness and cooperation I had received from them and other Soviet leaders during my stay in USSR. Mr. Khrushchev made some friendly remarks to effect that he was sorry to see me leave. He was satisfied that I had done my best to promote good relations between our two countries.

5. I then said I regretted that on eve of my departure relations between East and West were not repeat not better. Mr. Khrushchev acknowledged this was so but said it was not repeat not fault of USSR. American policy he said had reached an impasse but he was satisfied that victor of election whether Nixon or Kennedy would realize bankruptcy of present American policy and adopt a more realistic one.

6. I mentioned our special interest in disarmament. Khrushchev then said though he did not repeat not expect me to agree with him he thought Mr. Diefenbaker at UN had not repeat not shown a proper understanding of Soviet position and had disappointed him. Mr. Diefenbaker had merely followed American lead. Mr. Diefenbaker's main speech on that occasion[4] was less helpful than some of his speeches made earlier in his term of office.

7. We then went on to UN. Mr. Khrushchev reiterated Soviet view that present (Group Corrupt) UN and Secretariat did not repeat not reflect world situation. The UN was now a subsidiary organ of State Department. The Soviet Government wished to cooperate fully with UN but if UN was not repeat not reorganized Soviet cooperation would be perfunctory. They were not repeat not asking for a dominant role but for a fair share of power. As there were one billion people in socialist camp out of three billion people in the world it was only just that they should have one third of the power. Using vivid language he said when USSR was born it was regarded as a bastard. Bastards get kicked around when they are small and weak. However when bastards grow up and achieve position of authority their origins were forgotten and they were treated with respect their achievements deserve. This was all USSR asked for.

8. Khrushchev said quite clearly that USSR would not repeat not enter any disarmament agreement in which UN played an important role unless UN was reorganized along lines he had proposed.

9. When I asked Khrushchev if he anticipated proceedings in First Committee on Disarmament would be fruitful he replied "no repeat no" and added he did not believe Soviet delegate would much longer continue to participate in discussion in First Committee on this item.

DAVID M. JOHNSON

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[4] Voir/See Canada, Department of External Affairs, *Statements and Speeches 1959-60*, No. 60/32.

SECTION C

RAPATRIEMENT
REPATRIATION

507. DEA/232-K-3-40

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Secretary of State for External Affairs to Prime Minister

CONFIDENTIAL [Ottawa], May 31, 1960

PETITION BY CANADIAN-SOVIET DUAL NATIONALS FOR RETURN TO CANADA FROM THE U.S.S.R.

I attach a copy of a petition† addressed to Mr. Khrushchev and to yourself which was prepared and signed by thirty Canadian-Soviet dual nationals now living in the Soviet Union and delivered by their spokesman to the Canadian Embassy in Moscow. The petitioners request your help in obtaining permission from the Soviet authorities to leave the Soviet Union and return to Canada.

The thirty signatories are part of a larger group of persons who, since 1956, have gone with their families to the U.S.S.R. from Canada as a result of nostalgia for their native country combined with a naïve acceptance of Soviet propaganda about conditions there. Most of them are Canadian citizens, many are children born and raised in Canada. The total number now in the U.S.S.R. is unknown, but about one hundred have managed (despite police interference) to communicate with our Embassy in Moscow. The total is certainly much larger, and continues to grow. All who have been in touch with the Embassy are living in conditions of hardship, mostly on collective farms, construction sites, and in provincial towns, and since in many cases only the father of the family has previously lived in the Soviet Union (or pre-revolutionary Russia) and knows the language, this hardship is especially intense for wives and children.

Despite repeated approaches by our Embassy in Moscow, including one to Mr. Gromyko, the Soviet authorities up to February of this year had not permitted any of these persons to return to Canada. They claimed them as Soviet citizens on the grounds that they or their parents had been born in territory which is now part of the Soviet Union, or on the strength of the fact that they had signed a document at the Soviet Embassy in Ottawa, before departure, acknowledging their Soviet citizenship. The Soviet authorities refused to acknowledge the Canadian citizenship even of those, principally wives, who were born in Canada and were not of Russian stock. Oral promises reported to have been made in some cases by the Soviet Embassy here, when it issued visas, that those who did not like life in the Soviet Union would be allowed to leave, remained unfulfilled.

However, since February 1960, our Embassy in Moscow has received unexpectedly from the Soviet authorities documents authorizing the departure from the Soviet Union of two of the repatriates, [nom omis/name omitted][5], a young man born and raised in Vancouver who went to the Soviet Union with his parents and brothers in 1958, and [nom omis/name omitted][6], a

[5] Le nom a été omis, conformément à la Loi sur la protection des renseignements personnels.
The name has been omitted in accordance with the provisions of the Privacy Act.

[6] Le nom a été omis, conformément à la Loi sur la protection des renseignements personnels.
The name has been omitted in accordance with the provisions of the Privacy Act.

seventy-eight year old woman who had been trying unsuccessfully for several years to return to Canada. It is possible that permission given to these two persons to leave represents the beginning of a change in Soviet policy towards the Canadian repatriates.

In view of this evidence of a possible relaxation of Soviet policy, I am studying the desirability of making strong representations to the Soviet Government on behalf of the repatriates, including the thirty persons who signed the petition, as soon as it has been determined which of them may be readmitted to Canada. Since it may take some time to reach this determination, if you agree I shall instruct the Embassy at Moscow, in acknowledging the petition on your behalf, simply to say that it has been brought to your attention and that the matter is under consideration.[7]

H.C. G[REEN]

508. DEA/232-40

Note du chef de la Direction des Affaires consulaires pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Consular Division, to Under-Secretary of State for External Affairs

SECRET [Ottawa], June 9, 1960

ENTRY TO CANADA AND REPRESENTATIONS TO THE SOVIET GOVERNMENT ON BEHALF OF REPATRIATES TO THE U.S.S.R. WISHING TO RETURN TO CANADA

You will recall our submitting to you a suggested memorandum for the Minister, dated August 26, 1959, regarding consular problems between Canada and the U.S.S.R.[8] In that memorandum we stated that our most serious complaint concerned the refusal of the Soviet authorities to issue exit visas to Canadian-Soviet dual nationals who had returned to the Soviet Union to live, had become disillusioned, and had applied to return to Canada. The memorandum requested the Minister's approval of your calling in the Soviet Ambassador and presenting to him a list of names both of Canadians of dual nationality and of Soviet citizens who wished to migrate to Canada. If a negative response was received to this approach, the memorandum suggested that a statement should be made in the House condemning the Soviet attitude and warning Canadian citizens that they would be taking an irrevocable step in returning to the Soviet Union. I believe that you are still holding this memorandum.

2. Since last summer, there have been certain new developments. We have received more requests, by persons who went to the Soviet Union for permanent residence, for assistance in obtaining Soviet exit permits in order to return to Canada. A petition signed by 30 such people was recently addressed to our Prime Minister. There is some reason to hope that the Soviet authorities, for their part, may be adopting a slightly more humane and less legalistic attitude. They have permitted two dual nationals, [noms omis/names omitted],[9] to return to Canada. Our Embassy in Moscow has also reported that in recent months there has been a small but

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[7] Notes marginales :/ Marginal notes:
I. Prime Minister agrees. H.B. R[obinson] June [blank]
II. I am asked to emphasize that the Prime Minister wishes to be shown letters, messages, petitions, and correspondence of all kinds addressed to him, as soon as they are received. If action referred to is likely to take some time, this can be explained in a covering memorandum. H.B. R[obinson] June 8/60.

[8] Voir/See Volume 26, document 361.

[9] Les noms ont été omis, conformément à la Loi sur la protection des renseignements personnels.
The names have been omitted in accordance with the provisions of the Privacy Act.

significant increase in the number of exit visas granted to persons wishing to emigrate from the Soviet Union to other countries, including Canada.

3. The present may be an opportune time, therefore, to have this problem raised with the Soviet authorities at a high level. However, before this can be done, it is necessary to resolve a disagreement which has arisen between officials of this Department and Citizenship and Immigration on the one hand, and the R.C.M.P. on the other. We and Citizenship and Immigration hold the view that the Government should not only assist families containing all-Canadian members to obtain permission to leave the U.S.S.R. but that we should also assist and readmit to Canada families comprising mainly Canadian members with some non-Canadian members who are classified on R.C.M.P. files as having adverse security records, provided they are considered to have become genuinely disillusioned with Communism. The R.C.M.P. have been opposed to our extending assistance to the non-Canadian members with adverse security records and, I believe, to permitting their return to Canada. This view is based on the belief that at least some persons would not be permitted by the Soviet authorities to return to Canada without having given them some undertaking to engage in subversive and espionage activities. It is also of course impossible to be absolutely sure that all are genuinely disillusioned with Communism. On the other hand, those who are genuinely disillusioned will be more likely effectively to disenchant some of their former acquaintances in Canada who are still deceived by Communist propaganda. I would be inclined to think, therefore, that the security risk run in permitting potential agents to return to Canada is more or less balanced by the security benefits accruing from the impact of genuinely disillusioned Communists on our émigré population.

4. We have prepared, in consultation with European and Defence Liaison (2) Divisions, the attached memorandum for the Minister† together with letters for his signature, if he approves, to the Minister of Citizenship and Immigration and the Minister of Justice.† In the memorandum, the Minister is asked:

(a) whether he agrees that the Canadian Government should do what it can to assist Canadian families who wish to return to Canada;

(b) whether, if he agrees with the above, he also is prepared to assist families consisting of Canadian and non-Canadian members, some of whom may be listed on R.C.M.P. files as having had adverse security records while in Canada, provided all the persons have given us good reason to believe that they have become disillusioned with Communism; the non-Canadian members, then, would also be permitted to return to Canada;

(c) whether he is prepared, if agreement is reached on the above two points with the Ministers of Citizenship and Immigration and of Justice, to call in the Soviet Ambassador and appeal to him on behalf of the persons concerned, concurrently with an approach by our Ambassador at Moscow to the Soviet Foreign Minister.

5. The revised submission for the Minister differs from the earlier memorandum of August 26, 1959, in that reference to a possible statement in the House is omitted. In addition, the problem of the exit of Soviet prospective immigrants to Canada who had never been in Canada before, is not dealt with since we consider it preferable to treat it as a distinct matter. Our representations on behalf of those persons in whom we have a legitimate interest as Canadian citizens might lose their force if we included in addition persons who have no legal claim to the Canadian Government's intervention.

6. The attached correspondence has the approval of European and Defence Liaison (2) Divisions who have contributed to the drafting of it. If you agree with the action recommended, you may wish to sign the memorandum for the Minister.

E.H. GILMOUR

509. DEA/2462-2-40

Le sous-secrétaire d'État aux Affaires extérieures
à l'ambassade en Union soviétique

Under-Secretary of State for External Affairs
to Embassy in Soviet Union

CONFIDENTIAL Ottawa, August 4, 1960

Reference: Your letter No. 760 of July 16, 1960.†

RETURN TO CANADA OF CANADIAN CITIZENS FROM THE SOVIET UNION

In paragraph 9 of your letter you ask if there is hope that a positive decision will be reached shortly regarding the making of collective representations to the Soviet Foreign Ministry on behalf of all those persons who left Canada for the Soviet Union and who now wish to return to this country.

2. We recommended to the Minister that you should make representations on behalf of all the persons concerned, including those who were not Canadian citizens and who were listed on R.C.M.P. files as having adverse security records. The Minister discussed this problem with us and stated that he was opposed to representations being made on behalf of those persons who had adverse security records. Nevertheless, he directed that the views of the Minister of Justice should be sought. This we are now engaged in doing.

3. It will take some time for this problem to be finally resolved, but we now consider it most unlikely that you will be authorized to make representations on behalf of persons with adverse security records. Any representations which you may make on behalf of individual families should exclude, for the time being at least, persons in the above-mentioned group.

E.H. GILMOUR
for Under-Secretary of State
for External Affairs

510. DEA/2462-2-40

Note de la Direction européenne
pour la Direction des Affaires consulaire

Memorandum from European Division
to Consular Division

CONFIDENTIAL [Ottawa], August 19, 1960

REPATRIATION

The Soviet Consul, Mr. L. Bobkov, called on this Division on August 18 to discuss Senator Wall's projected trip to the Soviet Union. When he had finished his business, the conversation turned to the repatriation problem, about which he said the following:

(a) he was aware of the "former Canadian citizens" now living in the Soviet Union and wishing to return to Canada. This was an unfortunate problem, both for Canada and the Soviet Union, but the difficulty was that these people had accepted Soviet citizenship and with it the obligations of Soviet law, which does not permit free exit from the Soviet Union;

(b) he implied that in the past persons applying for "return to the homeland" were not always fully aware that the step they were taking might be irrevocable. But he said emphatically that this was no longer so: he now personally warned applicants that in accepting Soviet citizenship

they accepted liability under Soviet laws, and it might be impossible for them to return to Canada if they were unhappy in the Soviet Union;

(c) he said that he also personally warned every applicant that they would probably find it hard to adjust to Soviet life. "You have a car here, you will not have one there. You have an apartment here, it will be some time before you get one there." He went on to say that it might be all right if these people were to live in Moscow or Leningrad, but most of them found themselves in the remote provinces and on collective farms where life was harder than they were accustomed to. This, he claimed, was explained to them;

(d) despite these warnings, many of the applicants were adamant and insisted on being allowed to go. In such cases they were accepted, but Bobkov insisted that none could now claim he was not fully and fairly warned of what was in store for him;

(e) in response to a question, Bobkov said that about 15 repatriates had returned to the Soviet Union on the last sailing of the *Batory* and that from 10 to 15 have been going on each sailing of the *Batory*;

2. We think Bobkov was probably telling the truth. It is obvious now that the Russians get little or no propaganda advantage from the return to the homeland campaign. The discontented and rootless people whom they have been able to attract are only a liability to them. Obviously, however, they could not refuse to accept them if they wished strongly enough to go.

3. I think we can consider, if Bobkov was telling the truth about his warnings to applicants for repatriation, that our interventions and approaches here and in Moscow on this problem have been partially successful. It is true that our interventions have had only qualified success in obtaining the release of repatriates. But we have also reproached the Russians for their failure to warn applicants of the possible consequences of their actions, and in this we seem to have had some effect, doubtless because the Soviet interest coincided with our own.

4. If Bobkov's information about numbers is to be believed, we must anticipate a continuing flow of disgruntled repatriates to the Embassy in Moscow. In view of the Minister's decision that no further intervention should be made on their behalf, and considering that the Russians are apparently adamant about allowing them to leave except in very special circumstances, we should perhaps send instructions to the Embassy to offer no encouragement whatever to those who ask for repatriation to Canada, telling them that nothing can be done for them and that they must await a change in Soviet policy. Since there is not likely to be such a change, they would be best advised to forget about returning to Canada, and try to make what they can of life in the Soviet Union. If the Soviet Embassy here is giving accurate warnings, as Bobkov claimed, those adults who return despite the warnings are perhaps less deserving of our sympathy and help than those who were apparently deceived by the Soviet Embassy. But this cannot be applied to the most numerous group of repatriates, the Canadian-born children, whose wishes were doubtless not taken into account when their fellow-travelling fathers decided that life would be better in the Soviet Union.

A.J. ANDREW

SECTION D

ÉCHANGES

EXCHANGES

511. DEA/10438-V-14-40

Rapport d'une réunion
avec le sous-ministre des Affaires du Nord
et des Ressources nationales

Report of Meeting with Deputy Minister
of Northern Affairs and National Resources

CONFIDENTIAL [Ottawa], February 4, 1960

EXCHANGES WITH THE SOVIET UNION

Mr. Gordon Robertson, Deputy Minister of Northern Affairs and National Resources, accompanied by Mr. R.A.J. Phillips, met with the Under-Secretary of State for External Affairs to discuss our policy respecting exchanges with the Soviet Union and, specifically, to consider what might be done to overcome Soviet opposition to the Canadian proposal for an official exchange in northern affairs. Mr. Cadieux, Mr. Ritchie, Mr. Davis and Mr. Branscombe of this Department also attended.

It was the consensus of the meeting that under our present visits policy the Soviet authorities enjoy the advantage of initiating exchanges of interest to them by approaching private Canadian groups and individuals direct while, at the same time, they refuse to entertain Canadian proposals for official exchanges in fields of interest to Canada. On balance, Canada is not obtaining reciprocity in exchanges with the Soviet Union.

It was agreed that action was now required to redress the balance in our exchange programme. As a first step, it was suggested that the Soviet Ambassador should be informed about our concern over the present imbalance in our exchange programme and that he should be asked whether there had been any change in his Government's position respecting our proposal for an exchange in Arctic affairs, having in mind Mr. Khrushchev's statement in Washington last September in favour of exchanges of information on the Arctic.[10] Should the Ambassador refer to his statement in Hamilton, as reported in the *Globe and Mail* of October 21, 1959, he could be told of the interpretation of it given in Moscow, i.e. "that it expressed the official (Soviet) opinion on Mr. Diefenbaker's suggestion on Arctic inspection in the *disarmament context*" (Numbered Letter 1327 of December 3, 1959, from Canadian Embassy, Moscow.)†

Mr. Robertson mentioned that Mr. Alvin Hamilton would be willing to lead a delegation of Canadian Arctic specialists to the Soviet Union. It was suggested that the Soviet Ambassador should be informed of the Minister's interest in such an exchange and that, if a satisfactory Soviet itinerary could be worked out, it was probable that Mr. Hamilton would head the Canadian group. This proposal, it was noted, would go some way to meet recent Soviet suggestions that there should be official visits at ministerial level between the two countries.

The Under-Secretary indicated that he would speak to the Soviet Ambassador along the above lines. It was also agreed that, if the Soviet authorities continued to oppose our proposal

[10] Voir/See "Text of Answers by Premier Khrushchev," *Globe and Mail*, September 17, 1959, p. 10; "Hands Across the Arctic?", *Globe and Mail*, September 18, 1959, p. 6.

for an exchange in northern affairs, it could have an effect on the Government's attitude toward a possible cultural agreement which would have for one of its objects to bring about the necessary balance in exchanges with the Soviet Union.[11]

512. DEA/10438-V-14-40

Note du chef de la Direction européenne

Memorandum by Head, European Division

CONFIDENTIAL [Ottawa], February 16, 1960

POSSIBLE CANADIAN-SOVIET EXCHANGE
OF VISITS ON ARCTIC AFFAIRS

As arranged at the meeting with the Deputy Minister of Northern Affairs, the Under-Secretary called in the Soviet Ambassador on February 15 to explain to him the continued interest of the Canadian authorities in arranging an exchange of visits to the Arctic. He reviewed the history of our proposal and enquired whether the statement attributed to Mr. Khrushchev during a press conference in Washington indicated a possibility that the Soviet authorities would now agree to the visit which, in reply to our note of August 1958,[12] they had declined. The Under-Secretary said that if the Soviet authorities accepted the proposal and a significant programme were developed it was likely that the Minister of Northern Affairs would head the Canadian delegation.

2. The Soviet Ambassador reviewed the recent development of exchanges in the field of northern affairs. The current issue of the *Queen's Quarterly* contains an article by a Soviet scientist on the Soviet arctic. There have been exchanges of information between the Arctic Institute of McGill and the Soviet authorities. These have been acknowledged as valuable by the Director of the Canadian Institute. Soviet scientists attended the meeting of Arctic geologists in Calgary last summer and a visit by a Canadian scientist from Calgary to the Soviet Union was being planned. The original Canadian proposal for an exchange of visits to the Arctic had been refused by the Soviet authorities because it had been identified, mistakenly, the Ambassador admitted, with the question of Arctic inspection in the military sense. He said that he had attempted to correct this misapprehension in order to get the visit accepted originally but he had been unable to do so. He said that he would nevertheless be prepared to investigate personally the possibilities of having the decision changed but he thought this would be difficult as long as the proposal were identified with our original suggestion. He went on to say that it was unfortunate that he had not known about this so that he could have spoken to Mr. Mikoyan. However, he was planning to be in Moscow during the summer and he could raise the matter then.

3. The Under-Secretary said that it would be difficult to give the request a new setting since, of course, it was essentially the same as when we had originally put it forward. It was hoped that the Soviet authorities would agree to this exchange since it was one in which we had a great deal of interest here. As for the timing, while we would hope that the Ambassador would be able to exert his personal influence in the direction of a favourable decision, we would like to think there was a possibility that the visit would be arranged for the summer of 1960.

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[11] Note marginale :/Marginal note:
Noted. N.A. R[obertson] 11.2.60.

[12] Voir/See Volume 25, document 504.

4. The matter was left with the Ambassador agreeing to write to Moscow now to express the continued Canadian interest in an exchange of official visits in this field. Quite obviously he does not think there is much chance of the decision being changed, particularly if it is pursued through official channels rather than being raised by him personally when he is in Moscow.

5. It was interesting that contrary to the expectation the Ambassador did not rise to the bait of a ministerial visit. Perhaps the possibility that a member of the Government will go to Moscow to sign the trade agreement may have satisfied him on this score.[13]

6. Will you please do a letter to the Deputy Minister of Northern Affairs reporting the conversation.

HENRY F. DAVIS

513. DEA/10438-V-14-40

Le sous-secrétaire d'État aux Affaires extérieures
au sous-ministre des Affaires du Nord et des Ressources nationals
Under-Secretary of State for External Affairs
to Deputy Minister of Northern Affairs and National Resources

CONFIDENTIAL Ottawa, February 7, 1961

Dear Mr. Robertson,

Further to our letter of October 24, 1960,† we have now had an opportunity to ask the Soviet Ambassador about the results of his discussions in Moscow last fall concerning the Canadian proposals for official exchanges of visits between Canada and the U.S.S.R. in the field of northern affairs.

Mr. Aroutunian indicated that he had been unsuccessful in allaying the suspicions which had been aroused in Moscow that Canadian proposals in the field of Arctic affairs were connected with the Prime Minister's suggestion for Arctic inspection and were not genuine projects for the exchange of scientific information but were more specifically related to security intelligence. He said that the Prime Minister's New York speech in September[14] had re-kindled Soviet suspicions by referring again to Arctic inspections. Accordingly he was unable to get agreement for a general exchange in this field as we had suggested.

In the light of this development and the nature of Soviet objections, I think you will agree that there is little point in continuing to press the Soviet authorities to begin with a major general visit on northern affairs as we had proposed. We think we may, however, be able to make a start with more modest specific projects if they are so clearly unobjectionable as not to reawaken Soviet suspicions. To this end we wonder whether consideration might now be given to developing exchanges of visits of a more specialized nature rather than the broad general exchanges originally envisaged. We have in mind initial visits of one or two specialists in each direction involving itineraries which could cause no difficulties for either side. These visits would enable each side to assess the opportunities open for the further development of exchanges in this field.

In keeping with the above suggestion, we wonder whether the proposed visit to the U.S.S.R. in January 1962 of Mr. James A. Houston of your Department might provide an interesting test of Soviet willingness to cooperate on specific visits. We think that the suggested itinerary would be largely acceptable to the Soviet side, although the proposed visit

[13] Voir la première partie de ce chapitre./See Part 1 of this chapter.
[14] Voir/See Canada, Department of External Affairs, *Statements and Speeches 1959-60*, No. 60/32.

to an Eastern Siberian Eskimo village might cause difficulties. Your Department may wish to review Mr. Houston's proposed itinerary having in mind the considerations outlined above and the need to offer facilities for a reciprocal visit by a Soviet official. If this suggestion meets your approval, and the Visits Panel has no objection, we shall take the matter up with Mr. Aroutunian.

You will be interested to know that we expect in the near future to present to the Soviet Ambassador two proposals for exchanges of visits on behalf of the Department of Mines and Technical Surveys. Although the Department of Northern Affairs and National Resources was consulted on the proposals by the Visits Panel you might like to see the relevant Panel letters which are attached.†

Yours sincerely,

HENRY F. DAVIS
for Under-Secretary of State
for External Affairs

2e PARTIE/PART 2

POLOGNE
POLAND

SECTION A

RICHESSES ARTISTIQUES
ART TREASURES

514. DEA/837-40

Note de la Direction européenne

Memorandum by European Division

SECRET. CANADIAN EYES ONLY. [Ottawa], February 23, 1961

THE RETURN OF THE POLISH TREASURES

In September 1939, devoted employees of the museum at the Royal Wawel Castle in Krakow, Poland, moved certain of the priceless treasures from the museum for a hurried flight to refuge from invading armies, a flight which eventually brought them to Canada for safekeeping.

2. Some of the items were returned to Poland shortly after the end of the war. Some of the remainder were eventually deposited in a branch of the Bank of Montreal in Ottawa, while the rest were first entrusted to a religious order in the Province of Quebec and subsequently transferred on Premier Duplessis' authority to the provincial museum in Quebec City. Since neither portion was under federal control, the Canadian Government took the view from the beginning that it had no responsibility in this matter. Nonetheless the Polish Government maintained that the Canadian Government was responsible and made persistent representations, both through normal diplomatic channels and at international conferences. While disclaiming any responsibility, the Government of Canada listened carefully to the Polish representations, in the knowledge that, whoever was responsible, this was the most important and difficult problem in Canadian-Polish relations.

3. Since Gomulka's resumption of power in 1956, Polish Government policies and actions have differed in many ways from those of the Soviet Union, and Western attitudes toward Poland, including those of Polish émigrés in the West, have gradually altered. The Canadian Government in these circumstances felt that the return of the treasures, or a part thereof, would have a beneficial effect on the domestic situation in Poland and would at the same time contribute to an improvement in Canadian-Polish relations. Thus the Government was satisfied that a settlement could be reached for the return to Poland of the several items which had been deposited in the Bank of Montreal in Ottawa. Although the Department of External Affairs was able to facilitate this settlement, it came about chiefly because a substantial portion of the Canadian Polish community had altered its earlier stern opposition and concluded that the treasures should return to Poland. This part of the treasures was handed over to representatives of the Wawel Museum who took them back to Poland in January 1959.

4. Following this partial success, the Polish Government renewed its efforts to obtain the return of that part of the collection which remained in the provincial museum in Quebec City. Representations continued to be made in familiar terms to the Canadian Government until late in August 1960 when, following a disturbing interview between Premier Lesage and the Polish Consul General in Montreal (covered more fully below), the Polish Chargé d'Affaires indicated that the Polish Government was wearying of quiet negotiation on this subject which seemed to be quite fruitless, and would shortly be forced to revert to an earlier suggestion that the problem be brought before the International Court. It was also implied that the Polish Government would raise this matter forcefully at the UNESCO General Conference, the venue of public Polish complaints in the period 1949-52.

5. After Mr. Duplessis' death in 1959, it had generally been thought that a satisfactory settlement of this question would soon be found since his "personal" opposition to the return was assumed by everyone to have been the main obstacle. However, although it became apparent that Mr. Duplessis' successors, Mr. Sauvé, then Mr. Barrette and Mr. Lesage, did not share Mr. Duplessis' personal sense of responsibility for the treasures, and in fact publicly stated shortly after taking office that they wished to find a solution as quickly as possible, they were not long in realizing that the problem could not be solved so easily. Their open-mindedness on this question was not sufficient: as Mr. Lesage stated in September 1960, "the modalities for their return are not as simple as we thought they would be." It is in the search for and finding of these "modalities" that the Department of External Affairs made its most significant contribution to the solution of this problem.

6. On the occasion of a consistory held in Rome in the autumn of 1957, Cardinal Wyszynski discussed the treasures with Cardinal Léger and apparently told him that he would welcome their return to Poland. This position was later confirmed in a letter in which Cardinal Wyszynski expressly stated that the treasures belonged to the Polish Church, and requested the assistance of the Quebec hierarchy in obtaining their return through religious channels. (The text of this letter came into the Department's hands only in November 1960). It had been known to the Department since late in 1959 that Cardinal Wyszynski's position on this question had advanced somewhat, and speaking from the balcony of the Archbishop's Palace in Gneizno on April 26, 1960, the Cardinal made an important statement which confirmed this publicly. In part he said, "the bishops, meeting in plenary conference, have declared themselves in favour of these treasures being returned to the Wawel. All the belongings of the nation which constitute its property should be restored to the homeland, returned to the place for which they were meant. The treasures of the Wawel should be placed in the Wawel." In this statement, significantly, he neither claimed that the treasures belonged to the Church nor set any conditions as to the means to be employed in accomplishing their return.

7. Although this pronouncement was given little publicity, it nevertheless became known to the Polish community in Canada and encouraged its leaders in the new position they had adopted, by a unanimous resolution of the Canadian-Polish Congress executive in November 1959, in favour of the immediate return of the treasures to the Wawel Museum. Cardinal Wyszynski's public statement was also brought to the attention of the Polish "Executive" in London, the more significant and responsible of the two successor groups to the Polish Government-in-exile. It was later learned that this declaration had removed one of the main objections of the "Executive" to the return of the treasures from Quebec to Poland.

8. Although Cardinal Wyszynski had concluded his statement of April 26 by saying expressly that "this opinion of the episcopacy has been stated by me in a special letter addressed to the episcopacy of Quebec," the hierarchy in Quebec did not receive a special letter, and was therefore not aware that Cardinal Wyszynski's position as expressed in his letter to Cardinal Léger of November 1958, had evolved to the point where he would now approve of the treasures being returned to the museum and not to the Church, and through representatives of the museum instead of his own emissaries. Thus, when the Government of Quebec was considering the means by which it might solve this problem, it was faced with conflicting evidence. The Polish state claimed ownership of the treasures and had provided the Quebec Government, through the federal government, with extracts from the inventory book at the Wawel Museum showing how each item of the collection had been acquired. On the other hand, according to the latest information in the hands of the Roman Catholic Church in Quebec, the treasures belonged to the Polish Church and should be returned to it.

9. In August 1960, the Polish Consul General in Montreal paid a courtesy call on the new Premier, during which he asked about the treasures. Mr. Lesage suggested that the treasures might be returned through the Polish Church and handed over to emissaries of Cardinal Wyszynski. This proposal came as a great surprise to the Polish authorities who found it utterly unacceptable, as they had been careful to ensure that this achievement would not be credited to the Polish Church. In later consultations in Ottawa, Mr. Lesage indicated that his proposal had been based on his understanding of the views of the Polish Church.

10. In order to arrange a satisfactory technical setting, the Department had earlier secured from the Polish authorities their agreement that the transfer, if accomplished, could be made to representatives of the Wawel Museum, rather than to government officials. The Poles, moreover, agreed to hold Quebec free of all responsibility for any damage or deterioration which might have occurred. This information was conveyed to the successive Premiers of Quebec. Now, however, since the chief problem seemed to be the lack of a full understanding in Quebec of the revised position of the Polish Roman Catholic hierarchy on this question, the Deputy Under-Secretary, on the Minister's instructions and in strictest confidence consulted Cardinal Léger. When the discrepancy between Cardinal Wyszynski's 1958 letter and his public statement of April, 1960 was pointed out to Cardinal Léger, he suggested that it would be helpful if our Ambassador in Warsaw could get in contact with the Cardinal and establish his present wishes.

11. On the Minister's instructions, the Canadian Ambassador in Warsaw on November 7 approached Professor Makarczyk, a senior member of the Znak Catholic parliamentary group, which has been Cardinal Wyszynski's political arm. Through this intermediary, the Ambassador sought and obtained a statement of the Cardinal's current views on the treasures problem in the form of a letter to Cardinal Léger. The Canadian Ambassador in Warsaw was informed orally of the contents of this letter: Cardinal Wyszynski continued to favour the return of the treasures; return could be effected through representatives of the Wawel Museum, and the Cardinal did not consider it necessary to have representatives of the Polish Church associated with the Wawel representatives. He indicated, however, that it would be desirable to

have a representative of the Canadian Roman Catholic Church present at the handing over of the treasures to the museum representatives. The Polish authorities were aware of this intervention by the Canadian Ambassador, but raised no objection.

12. In due course Cardinal Wyszynski's letter was delivered to Cardinal Léger and it was confirmed to the Department that this letter removed any reservations the Canadian Roman Catholic hierarchy had about the treasures' return. Occasion was also taken by the Department at this time to convey Cardinal Wyszynski's views, and the hierarchy's reaction, to the Premier of Quebec.

13. Shortly afterward, the Premier of Quebec asked the Department to inform the Polish authorities that the Quebec provincial museum would be prepared to receive representatives of the Wawel Museum in Quebec City in order to effect the transfer to them of the treasures stored in the museum.

14. Late in December 1960, a delegation of experts and technicians, led by the Director of the Wawel Museum of Krakow came to Canada. Following a careful and detailed examination of the treasures, which confirmed that they had been well cared for and were in excellent condition, documents were exchanged on December 31 transferring the custody of these priceless objects to the Wawel delegation. Apart from the documents covering the transfer itself, the Polish Government gave a written undertaking to release Quebec from all responsibility in this matter. The packing was completed and the treasures began their journey home during the evening of January 2, 1961.

515. DEA/837-40

L'ambassadeur en Pologne
pour le secrétaire d'État aux Affaires extérieures

Ambassador in Poland
to Secretary of State for External Affairs

DESPATCH 22 Warsaw, January 12, 1961

CONFIDENTIAL

Reference: Our Telegram No. 5, January 5, 1961.†

POLISH TREASURES: FOREIGN MINISTER'S LUNCHEON

The Polish treasures are now approaching the shores of Poland aboard the *Krynica*. As mentioned in our telegram under reference Foreign Minister Rapacki, in honour of this great event, today invited all the officers of the Canadian Embassy to luncheon. The place selected for the occasion, which must be unique in the annals of our diplomatic relations with countries of the Socialist camp, was the Diplomatic Club at the Palace of Jabonna on the outskirts of Warsaw. I was accompanied thither at two o'clock by my wife, Colonel and Mrs. Johnston, Messrs. Charpentier and Scott and their wives, and Miss Greenwood. Group-Captain Maclure, now convalescing from a recent operation, was unable to attend. When we arrived we found Mr. and Mrs. Rapacki awaiting us and an imposing array of Polish guests from the Ministries of Foreign Affairs and of Culture. From the Ministry of Foreign Affairs there was Deputy Foreign Minister Winiewicz, Director-General Ogrodzinski, Ambassadors Milnikiel and Dorosz of Department III and Ambassador Grudzinski, the Chief of Protocol, along with several of their wives. From the Ministry of Culture was present Minister Galinski himself, his *chef de cabinet*, the Director of the Museums Department, and their wives.

2. The Palace of Jabonna, once a principal residence of the Poniatowski family, but much restored since the war, is a splendid but somewhat cold building. Normally, those members of the Diplomatic Corps who frequent it take their meals in a rather cozy restaurant which has been installed in the vaulted cellars. The luncheon in honour of the Canadian Embassy took place, however, in one of the largest and most beautiful rooms on the ground floor. It was evidently Mr. Rapacki's wish, in his choice of setting for the luncheon, and in the preparation of the courses and wines that were offered, to confer a special lustre on the occasion. I do not remember, in the nearly two years I have served here, an official occasion which had been prepared with greater care and delicacy. It says a great deal for the circumstances of the luncheon that we soon forgot our rather aloof surroundings. All the Canadians who were present agreed with me that the luncheon counted among the most enjoyable we had any of us attended in Poland, and I am glad to report that the cheerful appearance and conversation of our Polish friends proved that they shared our feelings to the full.

3. Mr. Rapacki made a most graceful speech over the champagne, in which he expressed his thanks to you, Sir, to members of the Department in Ottawa, and to us at the Embassy for contributing towards the solution of the problem of the Polish treasures. He added that he was sure we could look forward to a further development of the existing good relations between our two countries. In reply I thanked him for the honour that he had done us, and mentioned those others to whom honour was also due: to certain members of his own Ministry who had shown so much patience and understanding over the years, to other interested groups and circles in Poland whose attitude of reasonable expectancy had not passed unnoticed (this was the closest I came to a reference to Cardinal Wyszynski!), and to those in Canada who had worked towards a solution to the question, particularly the many Canadians of Polish extraction. I reciprocated Mr. Rapacki's hope for fruitful co-operation between Poles and Canadians in the years ahead, pointing out that a useful by-product of the treasures exercise had been the close and friendly association between Polish and Canadian officials established in the course of it.

4. After luncheon we adjourned to another equally large and splendid room in the Palace for coffee. There I had an opportunity for a long and most cordial conversation with Mr. Rapacki on which I am reporting separately.† As I rose to go he detained me, saying that a further little ceremony awaited us. At that moment the Chief of Protocol appeared before us, and presented me with a gift which touched and delighted me. It is a handsome commemorative album, bound in leather with the Piast eagle in silver on the front cover, and inside the cover a silver plaque with the following inscription:

A SON EXCELLENCE
MONSIEUR L'AMBASSADEUR G.H. SOUTHAM
AVEC MES COMPLIMENTS LES PLUS SINCÈRES
A. RAPACKI
VARSOVIE, LE 12 JANVIER 1961.

Each page bears a Karsh photograph of one of the Polish treasures, and a very sumptuous display it is. Since it is unlikely that I shall ever again in my diplomatic career have to deal with so passionately interesting a question as that of the Polish treasures I doubt that any souvenir that awaits me in the years ahead will have quite the sentimental value for me as this Rapacki album.

G.H. SOUTHAM

CHAPITRE VII/CHAPTER VII
MOYEN-ORIENT
MIDDLE EAST

PREMIÈRE PARTIE/PART 1
RELATIONS ARABO-ISRAÉLIENNES
ARAB-ISRAELI RELATIONS

516. DEA/50134-40

Note de la Direction du Moyen-Orient
pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Middle Eastern Division
to Under-Secretary of State for External Affairs

CONFIDENTIAL Ottawa, August 8, 1960

ISRAELI AMBASSADOR'S CALL ON THE MINISTER

The Israeli Ambassador called on the Minister on August 4 to outline to him his Government's appreciation of the present situation in the Middle East and to urge, as he had already done at the official level, that Canada should express in some way its sympathy and understanding for Iran in its present dispute with the United Arab Republic.[1]

2. Mr. Herzog began by pointing out that there were three main aspects of the Middle East situation: the East-West aspect, the inter-Arab aspect and that of Arab-Israeli relations. The Ambassador thought that, with the reduction in the influence of the communists in Iraq during the past year,[2] the Middle East had become much less of a focus for East-West confrontations, although admittedly the situation could deteriorate rapidly. With regard to inter-Arab tensions, Mr. Herzog thought of these essentially in terms of traditional Iraqi-Egyptian rivalry for hegemony in the area and believed Syria was a major source of instability in this respect because President Nasser could neither assimilate it into the United Arab Republic nor, of course, allow the Syrian-Egyptian union to be dissolved. The Ambassador emphasized that Israel recognized that these inter-Arab tensions were contrary to its own interests as they encouraged the Arabs to outbid each other in anti-Israeli attitudes and postponed the day when the Arabs would recognize that they had to accept, as a fact of life, the existence of Israel in the area. Despite the absence of any immediate prospect of an improvement in inter-Arab relations, the Ambassador thought, nonetheless, that there were some indications that an

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1 Le 18 juillet 1960, un journal de Téhéran annonçait que l'Iran reconnaîtrait Israël. Le Shah a déclaré ultérieurement, lors d'une conférence de presse, que l'Iran avait reconnu Israël comme un État de fait depuis 1950, mais qu'aucune reconnaissance officielle ou échange de ministres n'étaient prévus. Néanmoins, le 26 juillet, le président Nasser a annoncé qu'il rompait les relations diplomatiques avec l'Iran.

On July 18, 1960, a Tehran newspaper reported that Iran would recognize Israel. The Shah subsequently stated at a press conference that Iran had recognized Israel as a "de facto" state since 1950, but no formal recognition or exchange of ministers was planned. Nevertheless, on July 26, President Nasser announced that he was breaking off diplomatic relations with Iran.

2 Voir/See Volume 26, Chapter VII, Part 1.

encouraging trend on Arab-Israeli issues could gradually take place providing outside powers pursued the required policies. It was, of course, of the greatest importance that the *status quo* should be maintained in the Middle East. In this connection the Ambassador claimed that, in being associated with the arrangements for Israel's withdrawal from the Sinai in early 1957, Canada had, along with the United Kingdom and France, assumed a moral obligation to assist in maintaining the *status quo*. The main danger to the *status quo* was the build-up of armaments in the United Arab Republic since it was difficult to predict what President Nasser would do once he believed the U.A.R. had achieved military superiority over Israel. A second important consideration was for outside powers to realize that they could at the same time have friendly relations with both Israel and the Arab States. As an example he cited the close Israeli relations with Burma and Ghana and the help Israel had been able to give these countries in building up their economies.

3. The Ambassador thought that gradual improvement in Arab-Israeli relations would come as a result of the acceptance by the non-Arab states of the Middle East and by the countries of Asia and Africa of the existence of Israel as a fact of life of the area, which would mean that the Arabs would eventually have to do likewise. In this connection Mr. Herzog believed the Shah's recent action in publicly acknowledging that Iran recognized Israel was a very important and courageous step which would contribute to the stability of the area. He urged the Minister to have Canada express sympathy and understanding to the Iranians on this issue at a time when the Shah was under heavy pressure from both the United Arab Republic and the Soviet Union. The Minister gave the Ambassador no encouragement on this question and pointed out that this was a matter which the Canadian Government would have to decide for itself.[3]

G.G. RIDDELL

2e PARTIE/PART 2

RÉPUBLIQUE ARABE UNIE
UNITED ARAB REPUBLIC

SECTION A

POLITIQUE ÉTRANGÈRE
FOREIGN POLICY

517. DEA/12653-40

L'ambassadeur en République arabe unie
au secrétaire d'État aux Affaires extérieures

Ambassador in United Arab Republic
to Secretary of State for External Affairs

DESPATCH 283 Cairo, May 17, 1960
CONFIDENTIAL

[3] Il n'y a eu aucune expression de sympathie officielle de la part du Canada.
There was no official expression of Canadian sympathy.

REFLECTIONS IN CAIRO, MAY 1960

Though Western diplomats in Cairo look back on 1959 with considerable satisfaction, there have been several rather disturbing developments since the turn of the year. In February I shared the feeling expressed by Mr. Hammarskjöld that there had been a deterioration in the Middle East situation, at least in the sense that there seemed to be a reversion in various quarters to rather dangerous earlier attitudes which last autumn observers had hoped might in due course be transcended. Since then there has been a rather serious outburst of anti-American and "anti-Imperialist" feeling shown in Cairo's speeches, press and radio, and in public and private reactions. This resulted from the *Cleopatra* affair[4] and the Hayes-Douglas amendment to the U.S. Aid bills.[5]

2. There is both among Western diplomats and I think also among U.A.R. leaders and public a feeling of uncertainty about the future. There is undoubtedly an increased nervousness and concern lately about their own prospects among Coptic, Italian, Greek, Armenian, and pro-Western upper class Muslim minorities in Egypt — sensitive groups who always feel less uneasy about their own future when U.A.R.-Western relations are improving, and vice versa.

3. Western diplomats and correspondents, and pro-Western Egyptians and Egyptian residents, are asking each other how serious the set-back is, and whether it marks a real reversal of the previous favourable trend or merely a temporary suspension in the previous progress. I am personally inclined to think that excessive gloom is as unjustified as complacence. For one thing, in view of the uncertainty about the longer term future that I believe exists among the U.A.R. leaders themselves any hasty negative conclusions by the West about the prospects for reasonable further cooperation with the U.A.R. could I think be dangerous by tending to create or confirm unnecessarily the very situation which it fears.

4. The disturbing aspects of the situation are nevertheless real enough. They include a significant hardening of Arab attitudes toward Israel, a resumption of feuding between Cairo and Amman, and revived temptations for the U.A.R. leaders to force the pace of pan-Arabist pressures from the street on other Arab governments — temptations which will not necessarily be resisted and which in some cases have been eagerly seized. Whether or not such pressures, if effective, would necessarily prove undesirable in end result, they would certainly involve instability and crises.

5. The present disturbing indications include also a resumption of vitriolic attacks on the West in public speeches by President Nasser and by the Cairo press and radio, and corresponding kind words directed towards the U.S.S.R. There has during the past few months been evident hesitation by the U.A.R. leaders to consolidate further the improved political relations with U.K., Australia and France. There has been obviously improved morale among the Communist missions in Cairo. There has been an understandable tendency by many Americans

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[4] En avril 1960, le Syndicat maritime national à New York a boycotté le navire de charge égyptien *Cleopatra*, pour protester contre le refus de la République arabe unie de permettre aux navires qui transportent du fret appartenant aux Israéliens de passer par le Canal de Suez.
In April 1960, the Egyptian cargo ship *Cleopatra* was boycotted in New York by the National Maritime Union, as a protest against the UAR's refusal to allow ships carrying Israeli-owned cargo to pass through the Suez Canal.

[5] En réalité, cela fait référence à l'amendement Douglas-Keating. Voir "Boycott Battle Looms in Senate," *New York Times*, May 1, 1960, p. 2, et Russell Baker, "Senate Votes Aid Outlay; Retains Anti-Arab Clause," *New York Times*, May 3, 1960, p. 1.
This actually refers to the Douglas-Keating amendment. See "Boycott Battle Looms in Senate," *New York Times*, May 1, 1960, p. 2, and Russell Baker, "Senate Votes Aid Outlay; Retains Anti-Arab Clause," *New York Times*, May 3, 1960, p. 1.

here to develop, slowly but almost inevitably, a restrained but deep exasperation and resentment at U.A.R. deeds, words and ingratitude.

6. There is a corresponding disappointment and growing resentment amongst some of the U.A.R. leaders and influential members of the public at what they consider (exaggeratedly) the signs of revival of a settled hostility by Western great powers, and of an almost inherent ineptness, despite the hopes which the U.A.R. had begun to nurture in view of the improvements of 1959.

7. All these trends merit serious examination, but they should be seen in perspective. 1959 began, insofar as the thinking of U.A.R. leaders was concerned, with anxiety about the unexpected hostility of Iraq toward cooperation with Cairo, and about the revelation of strong Communist influence there, with the implied threat of Soviet imperialism, through local Communist parties, toward Nasser's pan-Arab influence in Jordan, and toward the union of Syria with the U.A.R. After the failure in the winter of 1958-59 of attempts to deal with the situation by coups d'état through plots in Baghdad and then through risings in Mosul and (it was hoped) other parts of Iraq, Nasser attempted in the spring of 1959 to get diplomatic support against the Communist threat in Iraq from other Arab governments. This attempt too failed miserably, notably in the Beirut meeting of the Arab League in April 1959. President Nasser gradually turned toward a new policy, involving an important attempt to mend fences with other Arab governments, and also with Western governments — a process which he had begun tentatively a month or two earlier. This fence-mending policy led to a resumption of diplomatic relations with Jordan in the summer, to an improvement in commercial and hence diplomatic relations with the Lebanon, to an agreement on Nile waters and commerce with the Sudan in the autumn, and to attempts which were I think sincere but less successful to improve relations with Tunisia, Ethiopia and even with General Kassim himself. It also facilitated a gradual and cautious improvement and eventual actual resumption of diplomatic relations with Australia and the U.K. and a tentative though unsuccessful effort to move toward resumed relations with France. Nasser's 1959 campaign against communism in Iraq facilitated a very marked improvement in his relations with the United States in a wide variety of fields, and the resumption of U.S.A. aid to the U.A.R., which during 1959 amounted to no less than $140 million in addition to a World Bank loan for development of the Suez Canal.

8. President Nasser also engaged throughout 1959 in an important public campaign against Communism, and an attempt to "inoculate" (as he put it) the public in many parts of the Arab world against the communist fifth column. The value and importance of this throughout Arab and other Afro-Asian countries should not be underestimated.

9. As part of this same revision of policy and priorities, President Nasser put greatly increased emphasis on economic development within the U.A.R. and on a reduction in the U.A.R.'s commercial dependence on the Communist bloc and increased trade with the West, and in the field of domestic politics in an attempt to establish a more solid constitutional framework for his régime, chiefly through the development of the National Union. There was a significant diversion of the flow of U.A.R. students sent abroad for post-graduate study, from the Communist bloc to the West.

10. Despite the recent deterioration in Cairo's relations with some other Arab countries and with the West, it is obvious that at least up to the present most of these very substantial improvements in the situation during the course of 1959 remain, and there is not much present sign that at least most of the gains achieved need be lost, though some of them could be.

11. Another concrete result of the 1959 evolution which has not been reversed, and the continuing significance of which should not be underestimated, is the break between Cairo and the Baath party of pan-Arab extremists centered in Damascus. By outlook and habit the Baathists have been devotees of the impatient and revolutionary fait accompli in relations with

Iraq, Jordan, Lebanon and North Africa. The Baathists had been largely instrumental in initiating and accomplishing the union of Syria with Egypt and President Nasser certainly feels a certain sympathy and affection toward them. But he had burnt his fingers twice rather badly through heeding their advice and letting them have their way — in 1958 by excessive intervention in the Lebanese civil war, which had led to a landing by United States forces there; and during the winter of 1958-59 through their hasty attempts to push Iraq into union with Cairo, attempts which led first to the alienation of Kassim himself and secondly to the abortive Mosul revolt and the further embittering of Cairo-Baghdad relations. In the July elections in Syria Nasser accordingly and significantly refrained from supporting the Baathists and virtually pulled the rug from under them. During the ten months since then he has rid himself of a Baathist Vice President (Hourany) and Baathist ministers both in Syria and in the Central U.A.R. government in Cairo, and of many Baathist officials in Damascus. It is significant that this process of eliminating the Baath has been continued in the recent resignation of two Central U.A.R. Ministers. This continued elimination of extremists suggests, even if it is not conclusive evidence, an intention to continue a policy of prudence and at least relative moderation in inter-Arab politics.

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Syria

12. In this connection it may be opportunate to interject a few words on the position in Syria of Saraj, the Minister of the Interior, who while not a Baathist is certainly an aggressive and rather extreme and ambitious pan-Arabist. When I was in Damascus at the beginning of April I called not only on the leading "old" Ministers but on most of the new Syrian executive Ministers appointed to replace the resigned Baathists. Most of them are under 40 and almost without exception they are close friends and long-time associates of Saraj. Four of them are former Army Officers and two others civil servants one of whom, hitherto Saraj's Under-Secretary in the Ministry of Interior, has become Saraj's deputy as head of the National Union Organization for the Northern Region as well as Minister of Works. Within the Syrian administrative machine Saraj has thus increased greatly his personal influence, and it is significant that in the Damascus souk and elsewhere his photograph is beginning to be displayed along with that of President Nasser. In a real sense Saraj is acquiring stature as President Nasser's number one henchman in Syria. On the other hand it is equally significant that five of his close friends and associates, who until recently occupied key posts in the Syrian Army, have now been made Ministers. Their replacements have not yet been announced, but it seems probable that President Nasser, with typical shrewdness, made a double play by increasing Saraj's importance in the executive machine of government while at the same time taking steps to clip his wings by lessening his ability to count on Syrian Army support for any independent action which he might be tempted to contemplate.

13. While on the subject of Syria I might speculate briefly on some of the reasons for the extraordinary violence of President Nasser's attacks, in the speeches which in February he was giving once or twice each day in various parts of Syria, on Jordan, Israel, Iraq and the West. An explanation which many observers in Damascus believe for the violence of these speeches is related to pressure put on President Nasser when he was in Syria this spring from members of the influential commercial groups and leaders of the former political parties, to give more autonomy to Syria and to give them a real say in overall U.A.R. foreign policy. Their theory is that Nasser found it expedient to play up to the extremist sentiments of the Syrian crowds by way of warning these bourgeois politicians and business men that if they tried any pressure against him he had the capacity to call out the streets and lead a real social revolution in Syria which could jeopardize their position more seriously than merely by denying them office and a share of government. I think this explanation makes some sense. Another factor, I suspect, is

simply President Nasser's demagogic instinct to respond to crowds. When faced with the rather heady and emotional attitude of Syrian crowds, which, compared with those of Egyptians, are certainly restless, revolutionary and violently anti-Israeli and anti-West, Nasser rises to the occasion by playing to their moods. It is I think significant that every time President Nasser is in Syria the intemperance of his public language tends to startle (and from remarks they let slip to me in various conversations, I think even to alarm) many of his Egyptian Ministers and officials. The intemperance which the President evinces in speeches in Syria is I think in part calculated and tactical, but is also related in part to his sincere belief in the pan-Arab dream to which most Egyptians are much less prone than are most Syrians.

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Jordan

14. In January and February and since there has been a significant increase in the U.A.R.'s verbal attacks on King Hussein. In part these have been responsive to King Hussein's stepped-up and outspoken needling of Nasser himself, but there has been more to it than this. One basic factor has been the U.A.R. advocacy of a "Palestine entity," with the implication of a future Palestine provisional government and a consequent dismemberment of Jordan by separation of the West Bank Palestinians from the former Transjordan. As I have previously reported, in part this had I think been a response to Kassim's irresponsible but easy propaganda quips that Nasser and Hussein have shared with Ben Gurion in the partition of Palestinian territory. Another aspect, perhaps minor but emphasized to me by Hassouna, has been a belief that the development of a "Palestinian personality" and an authorized group and spokesmen would assist the presentation of the Arab case on Palestine in the U.N.

15. But during February the violence of U.A.R. propaganda attacks on Hussein, including Nasser's speeches, led me to wonder whether U.A.R. leaders might indeed be contemplating an attempt to instigate the overthrow of the Hashemite régime in Jordan. As I should have reported long since, during February and early March I therefore paid a series of calls on Foreign Minister Fawzi, Mourad Ghalib, Mahmoud Riad, Minister of State Kamal Rifaat, and also on Hassenein Heikal when he returned from Syria a few days before President Nasser. With each of these men I discussed among other topics this question of Jordan. I reminded them that last summer and autumn they had told me (as President Nasser himself had done) that in their real assessment they recognized that a disintegration or overthrow of the régime in Jordan would be undesirable, in that it would almost certainly lead to an Israeli seizure of the West Bank and thus would precipitate a major crisis and possible war which they did not desire. I told them that this assessment still seemed sensible and cogent to me, and I asked whether they had altered their views. My enquiry was designed partly to find out U.A.R. intentions, but partly also to warn them off any hasty action which at the time did not seem to me entirely out of the question.

16. The President and Ali Sabri were away at the time, but all these men assured me that the U.A.R. had not in fact changed its assessment, and that it had no desire to push its quarrel with Jordan too far, though they did feel it necessary to keep the record straight by preserving their position in favour ultimately of a re-established Palestinian state. Apart from this they merely wanted King Hussein to stop attacking the U.A.R. in speeches and diplomatically all around the Arab world. I found these assurances soothing, and was inclined to believe them, but did not at the time feel entirely sure. Fawzi, Ghalib, Rifaat, Heikal and Riad all gave me the impression that they themselves were somewhat embarrassed by some of the extreme language which President Nasser had been using and which inevitably the press had to follow. They all tried to explain it away by pointing out that President Nasser tended to read a newspaper article in the morning and to make an ad lib speech in the afternoon. They all said in varying words that I should not take either their President's speeches or their press too seriously. I

think this is true. But I did not get the impression that any of them were absolutely sure themselves of the future long-term policy.

17. When I was in Gaza in March visiting UNEF I had a talk with the Governor of Gaza, a U.A.R. army general. He was quite remarkably vitriolic about King Hussein, whom he clearly did not expect to last long. A day or so later I learned that he made a public speech (to his Palestinian refugee constituents) which was not however reported in the press, to the effect that the U.A.R. already had a northern and a southern region, and that before long would have a central region made up of Jordan. I interpreted this at the time as implying that General Ahmed Salem was rather far out on a limb, remote from the central party line, and not fully aware of the inner thoughts of the men who shape U.A.R. policy. I still believe this is more or less true. I should also however report that when I was in Damascus at the beginning of April, during the course of a call on Premier Kahala (Chairman of the Council of Syrian Executive Ministers) Kahala also implied that he did not think King Hussein could last long. When I suggested the danger that if the régime in Jordan should disintegrate the Israelis might move in to take the West Bank, and that Israel might prove to be the main beneficiary, Kahala replied that while this danger would be very real if there were a civil war in Jordan, nevertheless what he called a "quick surgical operation" might solve the Jordanian problem before the Israelis had time to react. Kahala implied that he thought such a surgical operation, naturally "undertaken by the Jordanians themselves," might be fairly imminent.

18. As you know, a few days before my visit to Damascus the Prime Minister of Jordan had announced that certain Jordanian exiles, sent in from Syria, had attempted to assassinate him.

19. Most people here did not believe the Jordanian insistence that this assassination attempt had been instigated by Cairo, and were inclined to think that it might be a story put about by the Jordanians themselves for internal political purposes, based merely on the happenstance that they had arrested a Jordanian exile who had come in from Damascus for purposes of espionage. This may be true. However shortly after my return to Cairo in April Zackari Mohieddin, U.A.R. Central Minister of the Interior, suggested at a reception that I call on him for a chat. I did so a few days later, and during the course of a long general conversation I asked him about the Jordanian charges of an assassination attempt. He said that he though that the Jordanian exiles, Rimawi and Nabulsi, had in fact "probably" sent a man in to assassinate Majali. Moheiddin added that the U.A.R. authorities naturally had had nothing to do with this, but that they could not agree to the Jordanian request to hand the exiled Jordanian generals over to King Hussein. I don't know just what this adds up to. It illustrates the difficulty of being sure of facts in the Middle East. I suspect that the truth is that while the U.A.R. Central leaders are, for the time being at least, resisting any temptation to overthrow the régime in Jordan, they are from time to time subject to pressure from some of their Syrian colleagues, as well as from Jordanian exiles, to resume activity in this direction.

20. While in Damascus I had a long visit with ex-President and "First Arab Citizen" Kuwatli. The burden of his theme was that Arab unity in the complete sense was sooner or later inevitable, though it might only be a matter of months but it might be a matter of years. Of its ultimate inevitability there could be no question.

21. I mention this not to suggest that Kuwatli's own influence is in favour of any drastic action in Jordan, but to suggest that the influence of Syria as a whole on Egypt is probably in the direction of continued pushing, prudently no doubt but inexorably, in the direction of greater pan-Arab integration by one means or another. While the influence of the union with Syria, on Cairo's policy, was in 1959 in the main to increase President Nasser's sensitivity to the Communist threat and hence to prompt a mending of fences with Cairo's neighbours and with the West, nevertheless the long term influence of Syria on Egypt may be towards a continued or revived expansionism, perhaps mainly by appealing to peoples over the heads of

their Governments. This is directly contrary to the dream of many Egyptians, including particularly the former members of the ancien régime who are still of some influence in Cairo government and society who believe that the key to stability is in recognizing that Egypt is essentially a Mediterranean country, having primary common interests with other and with more Western Mediterranean countries, and having less interest in events in the Arab Middle East than the press would at present give one to think. The minorities in Egypt, including not only the European racial groups, the Copts, and the Christian Armenians, but also many of the intellectuals among the Muslims, have a Western education and have flourished in an Egypt with an essentially Mediterranean and Western orientation, and most of them yearn after its reestablishment and consolidation. The union of Egypt with Syria means that this deeply held dream may be more difficult of realization, unless some method can be found of bringing about a Middle East settlement on a much vaster scale.

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Israel

22. Relations of the U.A.R. with Israel have also clearly taken a turn for the worse, and have hardened rather ominously during the last five months. The Israeli military incident at Tawafiq,[6] which the UNTSO observers rather outspokenly condemned, undoubtedly created profound shock in the U.A.R. You will recall the mobilization crisis in Sinai during February, on which we reported by telegram at the time. Since then the *Cleopatra* incident and the boycott of U.A.R. shipping by the American international seamen's union has carried the deterioration significantly further. Whatever the facts behind the motivation of the I.S.U. boycott, U.A.R. leaders and public interpret it as a Zionist plot, and as implying an almost inevitable American sympathy for Israel whatever she does. They see in it a hardening of the Israeli and American attitude toward themselves. The arrests last winter of an Israeli espionage ring, and the publicity recently given to it have further hardened U.A.R. public opinion, and no doubt this hardening will be continued by the public trials of the alleged spies scheduled to begin shortly.

23. Behind all this is the relative improvement, as they see it, in U.A.R. military strength and the fear that Israel may in another year or two feel it desirable to try a preventive military action to forestall this inevitable improvement in the Arab position. In the background is the feeling that the Israeli plan to divert Jordan waters may sooner or later make inevitable a showdown, which while it may still be two or three years distant, or even more, cannot indefinitely be postponed. There is a feeling in some quarters that the Israeli idea of irrigating and settling the Negev would imply a permanent cutting off of Egypt from the rest of the Arab world and would thus be profoundly unacceptable.

24. Late last autumn President Nasser greatly improved his public posture vis-à-vis Israel from the international point of view, by announcing in an interview with Harry Ellis of the *Christian Science Monitor* and Wilton Wyn of the AP that he would be prepared to honour U.N. resolutions on passage of Israeli shipping in the Suez Canal if Israel for its part would honour U.N. resolutions on the Palestine question, of which the Canal issue formed merely one part. As I reported at the time by telegram, this declaration by President Nasser was teed-up in advance by some unofficial American advisers. On the insistence of Hassanein Heikal the offer, which was originally intended to be one of directly balancing Suez Canal passage for

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6 Le 1er février 1960, les Forces israéliennes ont lancé une attaque surprise contre le village de Tawafiq, qu'elles pensaient être un poste militaire illégal.
Israeli forces carried out a raid on the Syrian village of Tawafiq on February 1, 1960 because they believed it to be an illegal military post.

Israeli shipping against implementation of the U.N. resolution on refugees, was hardened at least by implication to involve also Israeli implementation of the U.N. partition resolution. This seemed to remove any chance that it might be accepted.

25. I understand that this broadening, while Heikal had intended it to help protect Nasser's position vis-à-vis propaganda attacks from other Arab governments, has had in effect exactly the opposite results, since reference to the partition resolution in the *Monitor* story led to criticism of Nasser by other Arab governments on the grounds that it implied a conditional willingness to recognize the existence of the State of Israel. Since then President Nasser has therefore tended to blur his offer somewhat. When I saw him ten days ago with the National Defence College group, he referred to this offer, when asked about Arab-Israeli relations, but did so in terms which would imply that Israeli implementation of the prior U.N. resolutions on Palestine would have to come first. He went on to imply that one of the elements in an eventual solution might have to be that Palestine as a whole become a mixed and balanced society, run politically by Jews and Arab Muslims together, rather on the analogy of the Lebanon which was a balanced society of Muslims and Christians. I had only a brief opportunity for any private talk with the President during that two-hour meeting, and did not consider it expedient with the twenty N.D.C. students present to take up time and embarrass the President by trying to pin him down on the exact terms of his earlier offer and the extent to which he was still willing to abide by them. But his vagueness on this point seemed to me rather significant.

26. On the other hand the political plausibility of President Nasser's basic posture, that it would be unreasonable of the West to insist on implementation of only that one of the U.N. resolutions on Palestine which involves an Egyptian concession to Israel, while tacitly ignoring the U.N. resolutions calling for Israeli action on Arab refugees, has undoubtedly important elements of strength as a public international posture.

27. Before leaving the subject of U.A.R.-Israeli relations, on which I have reported more fully in other messages (e.g. my telegram 383 of May 14),† I should point out that the *Cleopatra* incident, and the rather vigorous and thus far at least successful U.A.R. reaction to it, have had the effect both of hardening the U.A.R. attitude to Israel, and of demonstrating to U.A.R. leaders their ability to call out unions in other Arab countries and to force other Arab governments to co-operate with them on an anti-Israeli anti-Western issue, despite the fact, of which the U.A.R. government is fully aware, that other Arab governments co-operated only reluctantly in the Arab boycott of American shipping.

28. This particular incident at least would also seem to suggest:

(a) that Israel is more likely to lose rather than to gain by bringing to a head a crisis in U.A.R.-Israeli relations;

(b) that whenever an Arab-Israeli crisis does eventuate the U.S.S.R. is apt to strengthen its position in the U.A.R. and the Arab world as a whole, vis-à-vis the West.

(The same points apply to the Israeli attack on Egypt in October 1956.)

29. While I personally have considerable sympathy with the apparent intention behind the Hayes-Douglas amendment to American economic aid legislation, which implies that U.S.A. economic assistance should be made conditional on certain acceptable standards of international behaviour, I have considerable doubts about the wisdom, from a practical viewpoint, of appearing to tie Western economic aid to the U.A.R. specifically to the question of U.A.R. attitudes towards Israel, *unless* there is a corresponding and balancing condition about Israeli attitudes towards the Arab refugees applied to U.S.A. economic relations with Israel itself. Without such balance, there is I think little reason to expect that the implied U.S.A. economic pressure on the Arabs would be successful, or even innocuous: it is much

more likely to backfire, and to have important and highly adverse results for the West and even for Israel. I return to this question of Western economic aid below.

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30. There are other aspects of U.A.R. policy, involving fields well outside the Middle East area itself, which are relevant to any assessment of the prospects for achieving satisfactory U.A.R.-Western relations. Two important ones relate to Africa and to South America.

Africa

31. Last autumn I suggested to President Nasser, and on various occasions since then I have suggested to various colleagues of his (Mahmoud Riad, Mourad Ghalib, Dr. Fawzi, Zackari Mohieddin, Hassenien Heikal, Anwar Sadat, and others) that the time might be ripe for a new look at their policy toward Africa. I suggested that it was now inevitable that at least most of Africa would be independent within the next few years, and that the real point was not therefore a struggle against colonialism, but the question whether the leaders of the various new sovereign African governments would be genuinely independent, moderate, and (probably) neutralist, or whether they would be extremists and whether they would come under significant and perhaps dominating influence from the Communist bloc. I suggested that it was not in the real long-term interest of the U.A.R. to encourage a situation where they would have significant Communist penetration on their western and southern flank, in Africa, at the same time as they had reason to apprehend dangerous Communist influence on their northeast flank in Iraq. I suggested that in this sense at least the U.A.R. leaders had a common interest with retiring imperial powers such as Britain, France and Belgium, and that they would do well to recognize this and not make more difficult an orderly hand-over to moderate national leaders.

32. I found President Nasser and his colleagues somewhat surprised by my thesis that they had a common interest with the West in African problems, but thoughtful about it and not inclined to dismiss it. In fact after discussion they tended to agree that this underlying common interest did exist, though they expressed scepticism about finding any corresponding awareness among the European colonial powers. I put forward the same suggestion to Mr. Selwyn Lloyd when I saw him in London in January, and to Sir Roger Stevens, Deputy Under-Secretary of State for Foreign Affairs. There too, I found a readiness to concede that a common interest on this matter with the U.A.R. might exist: though Mr. Lloyd seemed to feel considerable scepticism (with which I sympathize) about its prospects of leading to any practical cooperation. I understand however that since then some consideration was given in the U.K. Foreign Office to the possibility that Mr. Macmillan might send a personal message on the future of Africa to President Nasser after the U.K. Prime Minister's return from his African tour. In the event no such message was sent.

33. I still do not find the idea of U.K.-U.A.R. discussion on Africa as fantastic as it might at first sight seem. But it is unhappily a fact that at the operative and executive level much of U.A.R. policy still seems to be devoted, as far as Africa is concerned, to rather violent anti-colonial propaganda on the Voice of the Arab radio, and I believe also to bribes and subsidies for fairly extreme African nationalists. More constructively, there are also very extensive scholarships to Cairo University and Al Azhar for "black Africa" students. But in Cairo, at least at the "working" levels, African policy still seems to be viewed largely in terms of the struggle against colonialism rather than being concerned with the attitudes of a future independent Africa toward domestic problems and toward the danger of Communist penetration. It is also of course to a considerable extent motivated by a desire to oppose Israeli relations with the new African leaders.

34. In practice U.A.R. influence on Africa, while not perhaps of very great effect as far as Black Africa is concerned, still seems to be largely on the side of elements which are relatively anti-Western. It is also more concerned with anti-Israeli than with constructive considerations.

35. While on the subject of Africa I might mention the U.A.R.'s disappointment, perhaps naïve, at the U.K. refusal to allow the U.A.R. to open consulates or consulates-general in a large number of sensitive African colonial capitals, (as well as in Aden, Kuwait, Hong Kong and Singapore), in return merely for granting permission to Mr. Crowe to re-open U.K. consulates in Alexandria and Damascus. U.A.R. leaders have tended to feel that the U.K. policy (which in fact is explained by the anti-Western and anti-U.K. tendencies of U.A.R. policy) is really based on a settled U.K. hostility and a desire to favour Zionism by allowing Israel to "get in first" in establishing intergovernmental relations with the new nationalist leaders of Africa and the Far East. I have tried to disabuse U.A.R. leaders of this suspicion, when they have expressed it to me as they frequently have, and have suggested that they try modifying their own propaganda policy. I have also suggested that they would be wiser to base their desire for U.A.R. consulates in Africa on the U.A.R.'s positive interests in the future national governments of independent African societies, rather than on competition with Israel. But I am afraid they still tend to regard the matter largely as a race with the Israelis.[7] This issue, I think, helps to explain also the U.A.R. failure thus far to accept U.K. overtures for an exchange of Ambassadors.

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Latin America

36. Another significant element of U.A.R. foreign policy during the past twelve months has been an attempt to cultivate closer relations with Latin America. As one element of this, Deputy Foreign Minister Zulficar Sabri has been paying an extended visit to Latin America, visiting most countries, and making arrangements for an extension of U.A.R. diplomatic representation in several Latin-American capitals. So far as can be judged from Cairo, Zulficar Sabri's success has been greatest in the most anti-North American capitals, particularly of course Cuba, and has been rather limited in some of the less anti-U.S.A. capitals concerned. The U.A.R.'s main immediate interest in the development of an Arab-Latin American axis is of course on voting within the U.N., and an attempt to buy Latin American support on such questions as Algeria and Palestine. There is also a not insignificant trade interest. But anti-"Western" (in the sense of anti-North Atlantic) overtones have, from what one can gather from here, been by no means insignificant. This is perhaps not surprising, but seems a pity.

37. I raised this question with Zackari Mohieddin five or six weeks ago during a long conversation which I had with him, at his suggestion, on the general international situation. I did not mention Panama but he raised the question and said, with an apparently defensive air, that although the U.A.R. may appear to be urging Panama to take up an anti-American posture and to try to nationalize the Panama Canal, the fact was that the U.A.R. could not care less what the administration is of that Canal, and that the U.A.R.'s real interest was merely to consolidate its own international support in the U.N. for Arab issues.

38. Today I had a long talk with Mourad Ghalib. With him too I spoke of Latin America, in connection with the future of U.A.R.-American relations. He made this same point about Panama and said that he had sent instructions to the U.A.R. Minister there to be careful to

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[7] Note marginale :/Marginal note:
But it is. [A.E. Ritchie?]

avoid being tied in to anti-American campaigns; he said that the Canal analogy inevitably made this difficult, but he claimed that the U.A.R. wanted to avoid getting involved.[8]

39. Ghalib said that the idea of developing closer relations between the Afro-Asians and the Latin Americans seemed to him a normal one. I agreed but suggested that the interesting question was whether Cairo was seeking to give such an association an anti-U.S.A. bent. Apparently treating Cuba as its leading entry into closer relations with Latin America seemed to some to suggest this. Ghalib claimed that U.A.R. acceptance of Cuba's invitation to an Afro-Asian-Latin American Conference in Havana had been made conditional on keeping the Conference to questions of economic cooperation and avoiding all tendencies to get involved in cold war politics.

40. However this may be it is I think important to recognize that Zulficar Sabri is personally by emotional bent rather anti-Western. His personal bias is I should think bound to have some effect.

41. In Africa and Latin America it seems to me that the real interest of the U.A.R. is not fundamentally opposed to that of the U.S.A., the U.K. and the North Atlantic civilization as a whole. It would I think be premature and self-defeating to despair of the possibility of changing U.A.R. policy in these fields; the prospects are perhaps not much worse than were those, eighteen months ago, of improving relations with the U.K. and Australia. Nevertheless the anti-Western aspects thus far of U.A.R. influence in Africa and Latin America, and perhaps too though less surely in the Far East, must be recognized for what they are worth. In particular it is only sensible to recognize that anti-colonial and anti-Anglo-Saxon postures come naturally and easily to U.A.R. leaders in view of their own personal experience and attitudes developed over the last thirty years. The speed and extent of the recent reversion to vitriolic anti-American propaganda, over the *Cleopatra* affair, are disturbing.

42. I am reporting separately on the recent Afro-Asian economic conference held in Cairo. The U.S.S.R. and Chinese Communists by no means got what they wanted at the Conference: but the U.A.R. attitude on the various politically critical issues was significant, precisely because it could easily have swung either way.

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Soviet-U.A.R. Relations

43. After heavy losses last year the U.S.S.R. seems lately, and for the time being at least, to have significantly improved its position in the U.A.R., and appears to be increasing its activities. Soviet economic aid to the U.A.R. was not cut off last year even at the height of President Nasser's anti-Communist campaign, though there was a go-slow policy in deliveries especially to Syria. Since then the U.S.S.R. has agreed to undertake and finance the second stage of the Aswan High Dam project. There is some reason to believe that further arms may be supplied, though this is not yet certain. The U.S.S.R. seems interested and ready to provide substantial economic assistance to the Syrian Region, including important irrigation and power works on the Euphrates (this may involve them in problems with Turkey and Iraq). It is possible that the U.S.S.R., by other methods than those which failed so dismally during the past year and a half (opposition to the union with Cairo), may again be attempting to secure a position of dominant influence in the Syrian Region, which they doubtless consider of particular importance in the Arab world as lying athwart transport routes between the Mediterranean and Iraq and Jordan. In the propaganda and cultural fields, the U.S.S.R. seems to have significantly stepped up its activities recently after a falling-off last year; and there is

[8] Note marginale :/Marginal note:
UAR had heard from Seoud here about USSEA's remarks, evidently. [A.E. Ritchie?]

again a spate of advertisements in the Cairo press for sales of Soviet books, increased attendance at Soviet film showings, etc. Undoubtedly the U.S.S.R. is exploiting the opportunity to regain something of the position it lost during 1959. No doubt the Soviet leaders will have learned some lessons from the violent reaction to Communist pressures last year, and may benefit from these lessons by using more restrained and cautious methods.

44. Moreover the Cairo Arabic press, particularly the Government-owned mass circulation newspaper *Al Goumhouria*, has been taking a particularly pro-Soviet and anti-Western line for several months. This is partly I think due to the personal bias of Salah Salem, and partly I suspect to a few Communist sympathizers on his staff. It may be that some of its excesses will lead in time to a reaction and shake-up. But thus far at least it has clearly enjoyed acquiescence from the Central U.A.R. authorities in its excessively anti-Western line, which has been much more extreme than that of such papers as *Al Ahram* or *Akhbar Al Yom*.

45. Nevertheless I do not think that President Nasser and his main advisers have forgotten the lessons which they learned in the last eighteen months about the long-term dangers of Soviet objectives in the Middle East, or that President Nasser has abandoned his view that for safety he should maintain some sort of balance in this region between Soviet and Western influence.

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U.A.R.-Australian Relations

46. Australia recently suggested that their diplomatic missions be raised to the level of embassies, and suggested that the prospective new Australian representative in the U.A.R. should be an Ambassador rather than a Minister. This request has been outstanding for six weeks or more, thus far without any reply. I hope the U.A.R. will agree to the higher level of representation, which could I suppose affect the selection of personalities to be appointed, and will certainly in Cairo affect the scope of the Australian representative's opportunities for influence.[9]

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Anglo-Saxon Press Correspondents

There is another factor, on quite a different plane, but not less relevant, which should be considered in any assessment of the prospects over the next year or two of U.A.R.-Western relations. This concerns the reporting of the U.A.R. and the Middle East in general in the press of the U.S.A., U.K. and Canada. Until recently, there has been a good sized and able corps of Anglo-American press and radio correspondents in residence in Cairo. During the last few months there have been a number of changes. Mainly because of difficulties with U.A.R. censorship, and to some extent with the rather inefficient and slow U.A.R. policy on the granting of exit and re-entry visas to correspondents, but also in part to have readier access to Iraq, there has been a marked tendency for important Western correspondents to withdraw from Cairo. Thus Michael Adams of the *Manchester Guardian* recently transferred his residence to Beirut. Rawle Knox, the *London Observer* correspondent, also an outstanding man, has recently left and will not be replaced. David Holden, the outstanding Middle East correspondent of the *London Times*, left a few months ago and his work is to be carried on only by his local stringer. Similarly, the (U.S.A.) National Broadcasting Company's correspondent is shortly to be transferred to India, and he tells me that his office do not intend to replace him, but will instead strengthen their Beirut bureau. There are still several able

[9] Note marginale :/Marginal note:
One of the few capitals where the title still makes a difference? [A.E. Ritchie?]

Western correspondents resident in Cairo and innumerable visiting ones. But the loss is significant.

48. I think that all this, while very understandable, is a pity. As recent events have again demonstrated, the U.A.R. régime is I think, at least in Egypt, the most stable (with Israel) of all the régimes of the Middle East. Cairo is far and away the most important metropolitan centre. This tendency of foreign correspondents to withdraw is obviously not in the U.A.R. government's interests, as I have occasionally pointed out to various U.A.R. leaders in an effort to persuade them to liberalise their press censorship and visa policy. Recently they have been getting the wind up about this trend, and the Information Administration gave Rawle Knox a large silver tray when he left, in the hope of luring him back. They have also recently somewhat liberalised exit and re-entry visa policy for correspondents. But it seems to me that they are repeating, in the press field, a mistake which some time ago they made for a while, but quickly corrected, in the field of international civil aviation: difficulties at Cairo airport in connection with visa and customs etc. administration prompted a threat by various airlines to transfer their main Middle East centre from Cairo to Beirut. If this press trend is not reversed it will probably increase the tendency, which the U.A.R. leaders already notice and fear, for the Western press to play down the Arab nationalist and U.A.R. viewpoint on international questions. It could have consequent long-term implications for Western-Arab relationships. It is of course entirely the UAR's own fault. But the problem remains. Incidentally it illustrates the U.A.R. régime's propensity to play its cards badly in its dealings with the West.

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Western Economic Aid

49. Recently many U.A.R. Ministers and officials have become concerned about the future prospects for U.S.A. economic aid: and not without reason, in view of the vitriolic attacks which have been made on America in speeches by President Nasser and Minister of Education Kamel Edin Hussein, and in the Cairo press and radio. These attacks shocked and disturbed many influential Egyptians. During the boycott several U.A.R. economic Ministers whom I happened to see at receptions, mentioned to me their fear that U.A.R. "spokesmen" (i.e. their President) and the press might be going too far, or more tactfully they expressed to me the hope that "the West" would not take these public statements too seriously. Two or three of the Egyptian region executive Ministers for economic subjects, several officials, and the industrialist Aboud Pasha (the owner, among other things, of the ship *Cleopatra*, who incidentally wanted to withdraw it from New York when it was boycotted, but was prevented from doing so on orders from the Presidency in view of the prestige issue involved) suggested to me that the boycotting was really a storm in the teacup, and regretted that it was not treated as such.

50. I suggested to Mourad Ghalib and Zackari Mohieddin, when they dined with me during the boycott at the party I had for the National Defence College visitors, that the intemperance of some of Cairo's statements about the West was undoubtedly having an affect on the voting in the U.S.A. Congress on the Hayes-Douglas amendment to the U.S.A. economic aid legislation. Ghalib said he recognised that "U.A.R. mistakes were cleverly exploited by its enemies."

51. Recently, though I think rather belatedly, the U.A.R. leaders seem to be seriously concerned about the long-term implications of this amendment. It is I think significant that neither President Nasser nor Under-Secretary of Economic Planning Abdul Rahman, when speaking to the National Defence College, mentioned in connection with the economic aid they were getting, anything about American aid, until I asked a question about it and mentioned the total for last year. Today, however, when I called on Mourad Ghalib at his request,

for a general chat about the situation, he raised this among other questions, and said that during 1959 American aid was by a considerable amount the largest allocation of economic aid which the UAR had received from any source. He greatly hoped this would continue, and expressed concern at the instability for the U.A.R. and under-developed countries as a whole involved in the uncertainty about American aid. He said that he had received private assurances recently from the American Administration that the amendment need not affect their practice, but he expressed the fear that after President Eisenhower had left his successor might well take a different view. He suggested that this uncertainty, and the implied strings attached to American economic aid, were a very unsettling element in Western-U.A.R. relations. He claimed that last year during the fairly violent and sustained anti-Communist campaigns which the U.A.R. had undertaken, the Russians had never overtly implied that any strings were attached to their economic assistance: but he admitted, when I made the point, that by going slow in deliveries the Russians did imply a corresponding uncertainty and "strings."

52. In reply to Ghalib's expression of concern about the future attitude of the American public and Congress toward aid for the U.A.R., I suggested that this attitude was already to some extent shaped and would inevitably continue to be shaped by the American and other Western assessment of the prospects of eventually reaching a satisfactory long-term relationship with the U.A.R., based on reasonably dependable mutual respect, restraint, understanding and goodwill. I spoke to him about the American attitude toward India, which while it had been rather unfriendly under Mr. Dulles several years ago, had now become very satisfactory, and I thought relatively stable, irrespective of India's neutralism. These relations of respect and confidence were, I thought, achieved precisely because the Americans felt that Indian policy was dependably neutral and not fundamentally hostile toward the West, and that it did not involve attitudes or habits likely to unsettle or weaken the fabric of the international community as a whole. I said that I hoped that the U.A.R. might also develop a comparable degree of confidence and stability in its relations with other governments and publics, based on genuine neutralism but with a respect for international points of view and a demonstrated restraint in its attitudes towards other countries. I said I thought the UAR was throwing away tricks by the violence of some of their reactions and comments on individual incidents which arose. Incidents were bound to arise from time to time, especially in relations with a vast and complex free society such as the U.S.A. I suggested that the recent $1,200,000,000 American PL480 agreement with India showed that United States economic aid could be given on terms which involved a possibility of planning with confidence over a long period, where the Americans had reason to feel that such aid would contribute to economic growth and political stability. But I thought that American and other Western leaders were bound to be concerned with some of the vitriolic attacks on the West recently expressed in Cairo propaganda, and were bound to wonder whether the U.A.R.'s policy did involve any underlying long-term hostility toward the West. It was not only public statements that were involved in an assessment, but actions in every sphere and region. This led to a discussion about U.A.R. policy in Latin America, Africa and the Middle East, and in the Afro-Asian movement. I have referred to some aspects of this conversation in various earlier sections of this despatch.

53. I hope this conversation may have done some good, but it would have been more useful with President Nasser himself. I did not however feel that I should ask to see him again, so soon after he had given me two hours with the N.D.C. group a fortnight ago, especially as he has been having a number of visitors, including Senator Fulbright and Prime Minister Nehru.

54. The question remains what the U.S.A. will do about the Hayes-Douglas amendment, and about the undertaking given by the State Department to try to persuade the U.A.R. to modify their attitude on passage of Israeli ships and goods through the Suez Canal.

55. One danger is the tendency of the U.A.R. leaders to react to any kind of pressure by moving violently in the opposite direction. Today at lunch the Acting Head of the Palestine Affairs Department of the Foreign Ministry told me that the U.A.R. was under "considerable pressure" from other Arab countries to close the Gulf of Aqaba particularly if the West tried to force the U.A.R. to modify its Suez Canal policy towards Israel. I told him that I thought the U.A.R. would be very unwise indeed to contemplate any such action, since this would undoubtedly precipitate a major crisis between the U.A.R. and Israel, in which the U.A.R. would get little if any international sympathy.

56. I might report here that the Americans may be contemplating simultaneous approaches to the U.A.R. about the Suez Canal, and to Israel about their policy on Arab refugees in the light of outstanding U.N. resolutions. This gambit seems to me sensible. As you know the Hayes-Douglas rider on U.S. economic aid bills may create important domestic problems for the American Administration. It also raised important considerations about American and other Western economic aid policy in general, and of course difficult specific problems for American relations with the U.A.R. and the Arab world as a whole.

57. Personally I have for many years had considerable sympathy with the exasperation which from time to time comes to a head among Americans concerned, and their doubts about the desirability of continuing large-scale economic aid to countries which adopt violently anti-American policies in press, radio, speeches and diplomatic activities. Looking for gratitude as a criterion of economic aid policy is naïve and I think unsound. But it is I think not unreasonable, and indeed probably wise, for the West to maintain some relationship between the priorities to be adopted in allocating available aid funds among the many deserving claimants in the under-developed parts of the world, between those who maintain at least a tolerably cooperative and polite posture toward Western Christendom, and those who do not. This is not a new problem. I remember that when I was in Khuibishev in 1943 Admiral Stanley, the then U.S.A. Ambassador, publicly criticised the U.S.S.R. for its hesitation to acknowledge to its own public the extent of American lend-lease. His action was widely criticised in the West at the time, but I had considerable sympathy with his "indiscretion" and subsequent events have of course shown that he had a point. The question arose again in rather acute form about economic aid to Cambodia, when I was there in 1955-56. At that time the Cambodians received about the highest per capita U.S. aid of any country in the world, and embarked on violent and unfounded attacks on the U.S.A. The problem has arisen in many other parts of the world at other times. On the other hand the dangerous and unfavourable repercussions of Mr. Dulles' sudden withdrawal of the American offer to support the Aswan Dam, or at least the repercussions of his deliberately provocative manner of withdrawing this support, are cautionary.

58. This problem of how much aid to give to those who kick you in the teeth is bound to arise again in the near future regarding the U.A.R. I would like to make a few comments on it:

(i) First, I think it would definitely be unwise to tie American aid to the Arab States specifically and overtly to the question of Arab concessions toward Israel, unless thee is some balancing condition put on aid to Israel in terms of Israeli observance of corresponding U.N. admonitions on related aspects of the Palestine problem.[10] I am speaking here not in terms of justice and reason but on terms of probable practical effect. The Arabs, and particularly President Nasser, will react adversely to any pressure that seems one-sided and unfair as regards the Palestine question.

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[10] Note marginale :/Marginal note:
Good point. [A.E. Ritchie?]

(ii) On the other hand it is not I think at all necessary that the United States should inevitably continue to give aid to the U.A.R. at the rate at which it gave it last year. In 1959 the U.S.A. had very strong reasons to help the U.A.R., since at that time President Nasser was beginning courageously to stand up against Soviet pressure, in order to encourage the U.A.R. not to succumb to the implied threat by Moscow to withdraw, or to go slow in implementing, Soviet aid to the Egyptian and Syrian regions if Cairo did not lie down quietly under Soviet pressure on Iraq and by implication on Syria and Jordan. It was I think the desire to counteract any apprehended or potential U.S.S.R. blackmail which lay behind a good many of then U.S.A. Ambassador Raymond Hare's recommendations for aid — or so Mr. Hare told me at the time. These considerations, which I think were uppermost in his mind, seemed and still seem to me very sensible. But at present such danger of Soviet blackmail on the U.A.R. is not, so far as can now be seen, an imminent problem: though it could become so again.

(iii) It may be harmful to let the U.A.R. leaders form the impression that the West can be attacked with impunity, and that Western aid will necessarily continue at the same level irrespective of the standards of international behaviour, in propaganda and otherwise, of the U.A.R. itself. Some degree of quiet modulation of the extent of Western aid, in response to U.A.R. behaviour, might be positively salutary in helping the U.A.R. to grow up. But I think public statements about this should be avoided, and that the secret of successful modulation of the amount of aid probably lies in verbal restraint on the Western side.

(iv) Whatever the U.S.A. Administration may decide to do in relation to its economic aid policy toward the U.A.R., it is I think in general unwise to create unnecessarily any prestige issues with President Nasser. When such prestige issues are raised he can almost invariably be counted upon to react violently and adversely. Such pressures are thus almost certain to be counter-productive.

(v) The U.A.R. remains of major strategic importance for the future of the Arab world as a whole, and to a lesser but by no means inconsiderable extent, for the future of Asia and Africa because of its influence in the Afro-Asian movement. It is therefore unwise to throw out unnecessary gauntlets. This country is not expendable.

59. I feel sure that the U.S.A. Embassy here and the State Department are well aware of these considerations. I hope that they will also be fully appreciated by U.S.A. political leaders and Congressmen concerned. The fact that this is an election year in the United States naturally does not make this particularly easy.

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Canada

60. In conclusion it is I think worth mentioning here, as I have reported on various occasions already, that Canada's own diplomatic and public position with the U.A.R. political leaders and their public, is, for the time being at least, exceptionally good, and out of all proportion to our relative real strength in the Western world. There is a tendency, on the part of U.A.R. leaders and public, to regard Canada as relatively "objective and impartial," while nevertheless not without influence in helping to shape the attitudes and policies of the West as a whole. U.A.R. leaders have gone out of their way, recently as well as on many earlier occasions, to give evidence of their respect and goodwill toward our country. Their recent reception of the National Defence College, and the two-hour interview with President Nasser, and a spate of favourable press and news-reel publicity, contrasting with the U.A.R. refusal to allow the U.S.A. National War College to visit Cairo, is only one of several instances. I get an embarrassing number of comments from innumerable Egyptians, official and private, expressing appreciation and respect for Canada.

61. On the other hand it is important to remember that influence is only useful to the extent that it is used for worthwhile purposes.

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62. While there is no need to regard the overall situation at all tragically, it is certainly impossible to be at all complacent about the future of Western relations with this area. The main problems of the region, which have already given rise to several major crises — in two of which within the last four years Western troops have been landed in emergency situations — remain unsettled. The Israeli-Arab problem is if anything gradually becoming more ominous. The Arab nationalist revolution is still unfinished, and still in movement, though it is by no means certain to what extent it will as it moves forward necessarily involve a significant degree of Arab unity at least in organic political structure. The future of the sensitive oil areas, Kuwait and Libya, remains undetermined.

63. I am delighted at the prospect of leaving the Middle East at the end of this week for several months in Canada: this is not a restful area. I suspect that Mr. Irwin will have an interesting summer, and I am happy that the Embassy will be in his hands. I also feel confident that sufficient problems will remain in the Middle East to keep diplomats from ennui for a long time to come. I know that when I return to Cairo in the autumn it will still seem one of the most fascinating of diplomatic posts.

ARNOLD SMITH

518. DEA/12653-40

Note de l'ambassadeur en République arabe unie au premier ministre

Memorandum from Ambassador in United Arab Republic to Prime Minister

CONFIDENTIAL [Ottawa], September 8, 1960

THE UNITED ARAB REPUBLIC

When we discussed Middle East affairs you suggested that I give you a memorandum about the United Arab Republic, before my return to Cairo at the end of this month.

The domestic situation of the U.A.R. is interesting. Because of the centuries of degeneracy and corruption from which it is only now emerging, and because of its rapid population increase, some of its social and economic problems are tragically difficult despite industrial developments.

But the U.A.R.'s main significance for Canada lies in its foreign relations — its role in the Middle East, its influence in the Afro-Asian world, and hence also its strategic position as a key target for communist penetration and manipulation. President Nasser's government has not been easy for other governments to get along with; all his neighbours have found this, and so at various times have the Americans, the British, the French, and (especially last year) the Russians and the communist Chinese. Nevertheless Nasser's régime, at least in Egypt itself, seems to be the strongest and most firmly established régime in the Arab world and indeed seems more stable than any other régime, except that of Israel, in the Middle East as a whole. The capital, Cairo, is the largest and most influential metropolitan centre, culturally as well as politically, in Africa and the Middle East. Its universities are attended by thousands of foreign students from all parts of the Islamic world and of Black Africa. Cairo is the seat of the Arab League and the Permanent Afro-Asian Secretariat, and of frequent Afro-Asian conferences.

Nasser conceives his basic posture in foreign policy as one of "positive neutralism," or non-alignment with either the West or the communists. He wants to lead his own bloc. Whereas in countries such as Switzerland and Austria (but not always in India) neutrality tends to mean keeping quiet and generally abstaining from international controversies, in the U.A.R. neutrality involves noisy assertions of independence from the communists and the West, and fairly energetic support for nationalist movements in various other countries. The U.A.R.'s "positive" neutralism is thus both an expression of new found independence and a popular ideological basis for developing influence in other countries, both in the Arab world and beyond.

Arab nationalism is, of course, not in any sense the invention or creation of Nasser, but he has become one of its leaders and symbols. Its three main goals are: 1) independence of any dominant foreign influence; 2) political and social reform; especially the replacement of feudal monarchies by popular city-bred regimes, land reform and the break-up of the big feudal estates, and modernization of economic and educational processes; and 3) some sort of "unity" of Arab countries, whether limited to foreign policy consultation and cooperation, or involving also some form of federal or organic unity of political institutions. The yearning for these goals is deep and widespread throughout the Arab world, especially in the cities and among the younger generation. The third goal of "unity," however, seems less likely to be realized than the others. Though many young people look on the present divisions of the Arab world into separate national states as artificial and temporary (rather like the division of Italy a century ago), nevertheless the political differences, rivalries, and suspicions among the various Arab governments are very deep, and in some respects (e.g. Cairo-Baghdad differences) have increased during the past few years.

Many Egyptians and other Arabic-speaking peoples tend to suffer from an almost neurotic sense of inferiority, wounded national pride, and a sort of touchy resentment against history. This can easily show itself in anti-Western form from time to time, despite a widespread admiration and affinity for Western culture. Nasser sometimes describes his main aim, I think quite sincerely, as trying to give his people "dignity." Nasser himself, while he has often shown himself open to reasonable argument and persuasion in private, tends to react strongly against what he regards as outside pressures, which as a consequence have almost always proved counter-productive.

During the first few years of the Egyptian Revolution of 1952 Nasser's government got along fairly well with the leading Western countries, though they resisted and resented Western attempts to involve Egypt and the Middle East in Western-sponsored collective defence arrangements. But as a result of the Western refusal late in 1955 to sell Egypt the arms which Nasser sought both for prestige and in order to protect himself against a feared Israeli attack, Nasser turned to the USSR and Czechoslovakia in an important arms and trade deal. The tension and difficulties between Egypt and the main western countries during the following few years are well known. During this period Egypt also obtained promises of significant economic aid from the Soviet bloc. In return Egypt helped Russia in various foreign policy matters including participation in Afro-Asian conferences (the USSR had not been at the original Bandung meeting). Nasser has, however, always been careful to try to prevent any domestic influence for communists in Egypt and has usually kept leading local communists in prison.

In 1958 and especially in 1959 Nasser stood up very strongly against communist efforts to penetrate the Arab world. It was in order to forestall a communist take-over in Syria, which Nasser (as well as the U.K. and USA Governments) considered imminent in the winter of 1957-58, that he was reluctantly persuaded to accept the Syrian government's request for union with Egypt to form the United Arab Republic (February, 1958). The Syrian communists

fled to Prague, Moscow, and (underground) to Iraq, and after the Iraqi revolution in July 1958, the Middle East communists took the lead in opposing any union of Iraq with Egypt. During 1959 the Iraqi communists, with Soviet and Chinese support, seemed to be well on the way to becoming the strongest force in Iraq, and Nasser became alarmed at what he considered the new threat from communist imperialism to Arab independence in Jordan as well as Iraq, and to the integrity of the U.A.R. itself. Consequently by a series of speeches, and through the press, radio, thousands of sermons in mosques, and other means Nasser set out to challenge and expose communist influence throughout the Arab world. He also sought at last to reduce Soviet and Chinese influence in the Afro-Asian secretariat and movement. Nasser's anti-communist propaganda was I think of considerably greater effect in this regard, throughout the Middle East, Africa and Asia, than such western instruments as the Voice of America. At the same time Nasser initiated new steps, which are thus far proving on the whole fairly successful, to reduce the U.A.R.'s previous dependence on the communist bloc countries for trade, and to divert the flow of U.A.R. students sent abroad for graduate training from communist countries to the West, including Canada. The U.S.A. gave substantial economic aid to the U.A.R. in this period, and in 1959 it totalled about $150 million. The U.A.R. also obtained a $56 million loan from the International Bank for Suez Canal development.

But in Iraq itself violent opposition and plots against Prime Minister Kasim by the pro-Nasser "Arab nationalists" supported by Cairo through radio and other means, tended to force the Prime Minister to rely largely on the communists. Nasser was eventually persuaded to see this, and to moderate Cairo's attacks on the Iraqis, at least temporarily. There have been ups and downs, but at present the Iraqi communists seem less strong, the Iraqi government more genuinely neutral between the communist bloc and the West, and Cairo-Baghdad relations, while far from cordial, at least more correct. Thus far at least both communist dominance in Iraq (which the U.S.A. considered the greatest danger) and the union of Iraq with the U.A.R. (which the U.K. government feared most, chiefly as implying a threat to Kuwait) have been avoided.

There have been a number of other developments in U.A.R. policy during the past two years that represent a substantial improvement from the western point of view. Diplomatic relations with both Britain and Australia have been re-established. Nasser tried last autumn to move towards re-establishment of relations also with France, but despite some progress this has not yet been achieved. There has been an improvement of U.A.R. relations with most of its neighbours — e.g. signing the agreement on Nile waters with the Sudan, working out of *modus vivendi* with the Lebanon despite Syrian commercial reluctance, and re-establishing diplomatic relations with Jordan (though certainly relations here are far from good and have been deteriorating again in recent months). On the other hand U.A.R. relations with Iran have recently been broken.

During the summer of 1959 Nasser also became disillusioned with the most extremist group of his advisers — the nationalist revolutionary Baath party, with headquarters in Syria. The Baathists had caused Nasser to burn his fingers several times by their interventions (undertaken sometimes after getting Nasser's approval and sometimes without it) in other Arab countries, especially the Lebanon and Iraq. The Baathists have now been removed from virtually all the major positions they held both in the central U.A.R. government and in that of the Syrian region.

Though there has thus been some cause for satisfaction there are, I think, no grounds at all for complacency. The Middle East is a crisis-prone region. Quite apart from Arab-Israeli relations (discussed briefly below), the relations of the various Arab governments among themselves, and with Turkey and Iran, are characterized by resentment, distrust, fear, hostility and a degree of expansionist ambition. The situation is in some ways similar to that of the

Balkans during the early part of this century, which sparked World War I. Twice during the past four years western armed forces have been landed in emergency situations in the Middle East. The basic problems remain, and perhaps the most sensitive spots from the point of view of western material interest (the rich oil areas of Kuwait, Libya, Saudi Arabia and Iran), remain as yet relatively unadjusted to the nationalist and anti-feudal movement which has by no means fully worked itself out or run its course.

Arab-Israeli problems are only one set, and in my view not necessarily the most difficult or dangerous, of the problems of the Middle East or the U.A.R. But they complicate inter-Arab rivalries; indeed Israel fears any approach toward Arab unity, and has at times seemed ready even to take military action (e.g. in Jordan) to prevent a change in the status quo. In turn inter-Arab rivalries make it difficult for any Arab leader to move towards a realistic settlement with Israel: each leader using the charge of "softness towards Israel" as a stick with which to beat the other. Nasser has been particularly criticised by King Hussein of Jordan and Iraqi Prime Minister Kassim for tacit concessions to Israel and especially for not stopping Israeli shipping in the Gulf of Aqaba as well as in the Suez Canal. Arab-Israeli problems, when they come to the fore, usually also aggravate western relations with the Arabs, who tend to regard Israel as a creation and protégé of the West, artificially maintained by American and German financial support. Israeli arms purchases from the West — chiefly France — push the U.A.R. into buying more arms from the USSR. At present the U.A.R. is trying to persuade Moscow to sell her MIG-19 planes to balance the super-Mystères which it is believed France has supplied to Israel. Israel meanwhile is seeking still more sophisticated French planes (Mirage), and the U.K. is concerned that France may agree to sell some.

Militarily the Israel forces (although smaller) are stronger and more efficient than those of the U.A.R., and Nasser knows it. Israel can also mobilize much more rapidly. The Israeli population is altogether better organized, more disciplined, and more competent. The U.A.R. forces appear to be generally improving, but have a long way to go. They are not very good at using some of the relatively modern Soviet equipment they have. In the very long term, however, since the Arab countries have much larger populations and natural resources, it is probably inevitable that their relative strength will increase unless they remain backward and dangerously at odds among themselves.

In private conversation, Nasser and other U.A.R. leaders have told me (in strict confidence) that they consider a peaceful settlement with Israel desirable and indeed essential in due course, providing one can be achieved. But they feel that they dare not admit this publicly at present: that it would be the end of their political and perhaps their physical life (King Abdullah and other Arab leaders have been assassinated for suggesting the desirability of negotiating with Israel). Among the basic pre-conditions for a U.A.R.-Arab settlement, in Nasser's view, are these:

(i) It would have to be acceptable not only to Egyptian opinion but also to other Arab publics and governments. (Most Egyptians are much less strongly anti-Israel than are Palestinians, Jordanians, Syrians and Iraqis). Some genuine reduction in inter-Arab rivalry and hostility would thus be necessary.

(ii) More confident relations would have to be developed between the U.A.R. and the U.K., the U.S.A., and France: the U.A.R. leaders believe that without this, they could not trust Israel to keep its side of a bargain, but that the three Western great powers could help to assure Israel's "reasonableness" and good faith.

Possibly a reduction of tension and cold-war rivalry between the USSR and the West would also be needed, the U.A.R. leaders think. On details, to make a settlement acceptable to Arab opinion, U.A.R. leaders privately talk at times of some gesture by Israel towards the Arab refugees, including permission to return for those who so wished (probably a small minority):

and sometimes also of restoration of some land-link between Egypt and Jordan across the Negev dessert. Occasionally they suggest a sort of compromise Palestine state containing balanced Arab and Jewish communities just as the Lebanon within itself balances Arab and Christian communities: but they must recognize that this latter idea is unrealistic.

Basically, Nasser and his senior colleagues consider that since fundamental conditions are not yet ripe for a settlement it is unnecessary as well as politically dangerous to discuss the idea. Moreover they think that in due course German and probably also American financial support for Israel will diminish and that Israel may therefore become more willing to make concessions in negotiations.

Meanwhile the U.A.R. leaders, and other Arabs, genuinely fear that important Israeli leaders intend further territorial expansion and may be merely biding their time for an appropriate opportunity (perhaps during an inter-Arab crisis or a Communist bloc-Western crisis) to present the world with a quick military fait accompli.

Crises can flare up rather suddenly in the Middle East. The UNEF forces, to which Canada contributes substantially, have undoubtedly helped greatly to preserve peace between Israel and the Egyptians. With the Union in 1958 of Syria and Egypt, the fact that UNEF is deployed only on the Egyptian part of the U.A.R.-Israeli border could create an anomalous problem in the event of an Israeli attack in the Syrian region (as the U.A.R. feared last February), since Nasser would feel it essential to resist on both parts of his frontier. But under present conditions any extension of UNEF to seal off other parts of Israel's frontier would probably be opposed by the Arabs as well as Israelis. It would also certainly create man-power and financial problem for the UN and its supporting members. It would be attractive to find a reasonably safe time and way to wind up the UNEF operation, but in the present state of inter-Arab and Arab-Israeli relations I could not recommend this. Moreover there is perhaps some advantage for general international stability in maintaining a UN emergency force in being and readiness somewhere, and the Gaza Strip is not an inappropriate place.

Some circles in Israel, and some Zionist organizations elsewhere, have I understand been inclined to deprecate the improvement in U.A.R.-Western relations that took place during 1959, and to consider that this improvement might be contrary to Israel's interest. My own judgment, however, is that Nasser is much less dangerous to Israel, as well as to neighbouring Arab governments and to the stability of the Middle East and the international situation as a whole, when his commercial and political relations with the West are good than when they are bad. The record to date supports this thesis. Conversely, periods when the U.A.R. leans more toward the Soviet bloc and has had relations with the West have coincided with U.A.R. attacks on relatively pro-Western Arab governments (such as the Lebanon, Jordan, and Tunisia), and with Nasser's expansionist manoeuvres which could threaten both the status quo and Israeli interests. I have discussed this question with Mr. Herzog, the Israeli Ambassador here, who tells me that he personally shares my view that good relations between the West and the U.A.R. are also in Israeli interests.

Domestically the U.A.R. Government is trying to improve the appalling social and economic conditions of the Egyptians and Syrians, and some real progress has been made in industrialization and in educational and health facilities. However population is increasing so fast that in the villages it offsets any increase in production. Nasser and his colleagues are hard working men, and are the first group of Egyptian Ministers for a very long time who seem to be not personally corrupt. The centuries-old corruption remains in important sections of the middle and lower levels of the bureaucracy, despite efforts to stamp it out. Egypt is genuinely trying to pull itself up from centuries of degeneracy.

In private conversation, and often in action, Nasser has shown himself restrained and relatively moderate. Domestically, his revolution is perhaps the most moderate genuine social

and political revolution of modern history — a marked contrast to that of Iraq. The leaders of the old régime were treated rather generously in practice. On the other hand in public speeches, and in the tone of the press and radio, Nasser and his régime habitually use violent and vituperative language about the leaders of other Arab countries and any others who are for the time being singled out for attack. This shrillness is typical throughout the Arab world, but is tiresome and far from innocuous. Nasser considers his prestige as a symbol of revolutionary Arab nationalism and "revival" one of his key assets in international affairs, and is reluctant to let others out-bid him. Nasser's public image, designed for Arab mass consumption, and involving dramatic slaps at other countries, contrasts sharply with his private talk and with many of his domestic actions and policies. Personally I have found him and his chief colleagues surprisingly frank and often reasonably receptive. On the other hand they are deeply suspicious, have a history of conspiracy, and in negotiation are occasionally tempted to use techniques like those of oriental bazaars. Politically Nasser's régime is certainly not easy for the rest of the world to get along with. And at present (during recent months) Nasser's relations with his neighbours and with the U.S.A., have been on the whole deteriorating, while the Russians have been having some success in regaining a little of the ground they lost in 1959. The pendulum is not at rest.

The U.A.R. is, with India and Yugoslavia, quite influential among the group of so-called "uncommitted" countries of Asia and Africa. In the United Nations U.A.R. delegations have at times played a rather constructive role. On occasion, however, (e.g. on the Law of the Sea) this influence has from our point of view been regrettable.

For a variety of reasons, some of which are fortuitous, Canada has on the whole a particularly good press and position with the U.A.R. public and leaders. This is of some value to the West as a whole.

Trade between Egypt and Canada has been small in recent years. The U.A.R. might well become a fairly good market for Canadian manufactured goods, and even again for wheat, if a way could be found around the problem of Egypt's dollar shortage. This could perhaps be done by developing a market in Canada for Egyptian cotton: a deal involving some five million dollars worth of Egyptian cotton against the equivalent in diesel locomotives nearly came off last year — but not quite. I would not rule out the possibility of significant two-way trade in the future if the Canadian textile industry should become interested in long staple cotton. But this is of course hypothetical.

Canada's main interests in the U.A.R. are thus political, and more as a member of "the West," than bilateral. Quite apart from the possible danger of a sudden crisis which could lead to military hostilities on some scale, small or great, with the possibility of direct great power intervention, there is the more long-term but perhaps more serious problem of the future relations between the white nations of western Christendom and the rest of the world. At times, in the Middle East, South East Asia, and other posts, I have felt impelled to contemplate the possibility that within our generation the West's values, friends, and even our influence, could conceivably be progressively reduced until we became a disliked and embattled minority hemmed into the area of the North Atlantic countries, Australasia, and parts of Latin America. Precisely this, plus an additional cleavage within the western community between the Americans and the rest of us — or at least the Americans and Western Europe — is of course what the communist leaders look forward to and seek to encourage. But the major elements involved are not communist influences but indigenous factors. Such a gloomy and dangerous future is not at all inevitable, but it is not impossible. The evolution of the political situation and attitudes of the U.A.R. will, I think, be one of the significant factors in determining the long-term relations between the west and the rest of the world, partly because of its own

considerable influence but much more because the U.A.R.'s problems and attitudes are in some ways typical of those in other underdeveloped non-white nations.

ARNOLD SMITH

519. DEA/12653-40

L'ambassadeur en République arabe unie
au secrétaire d'État aux Affaires extérieures

Ambassador in United Arab Republic
to Secretary of State for External Affairs

TELEGRAM 693 Cairo, December 28, 1960

SECRET

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By Bag Moscow, Belgrade, Delhi, Tel Aviv, Beirut, Ankara, Lagos from London

DIALOGUE WITH NASSER

I had a 90 minute discussion with President Nasser yesterday afternoon. He was very friendly, as always, but seemed more strained and tired than I had previously seen him. I found what he had to say disquieting. He spoke on non-alignment in the past tense, and as a policy that he could no repeat no longer afford in view of the threat posed to his existence by Western arming of Israel. He also expressed new and profound disillusion with and distrust of the UN. He seemed to envisage a semi-revolutionary period ahead in Africa, during which true nationalists (which he seemed to define as those nationalists intent on eradicating Western influence) [would gradually take] over control from the pseudo-nationalists in most of the continent. He seemed to have largely settled in his mind on a new policy which he recognised would involve increasing strains in his relations with the West and increasing co-operation with the communists. He claimed however that the USSR was in effect now supporting his policy rather than vice-versa. He did not repeat not really need London or Washington, whereas they did need to preserve their interests in the Middle East.

2. In view of the importance of assessing his mood and thinking, and his reactions to my efforts to change it, I am reporting this conversation in some detail as the dialogue it was, at the risk of recording at unseemly length my own remarks also.

3. After preliminary courtesies, I said that I was somewhat concerned about certain recent trends and what seemed to me a danger that the deterioration which I detected in the last few months in UAR-Western relations might degenerate into a downward spiral. I asked whether I could discuss the situation with him frankly in order to see whether some way might be found to get out of the vicious circle. I made it clear that I was speaking personally, and that my concern was not repeat not about UAR-Canadian relations, which remained (I thought) excellent, but about UAR relations with the West in general. The President urged me to speak quite frankly to him. Incidentally, during the past few weeks, I had propounded my analysis of the deterioration and dangers of the situation, in a series of discussions with a number of UAR leaders. Several of these Mohieddin, Hassenein Heikal, Mourad Ghalib, and Dessouky (new Governor of Cairo and former Secretary to Nasser) had told me that they rather shared my misgivings and had urged me to speak quite frankly along these lines at an early occasion with President Nasser. I therefore did so.

4. I said there had been a tremendous improvement in UAR-Western relations during 1959, with a much greater understanding through the West of UAR problems and policies, and a resultant enhanced reputation and respect for the UAR. This development had benefitted both sides and had seemed very promising for future stability and progress. I thought a deterioration had started about last spring with the *Cleopatra* affair (the boycott of a UAR ship by a New York union), and the passage of the Hayes-Douglas amendment in the USA Congress, which I attributed in part to the virulence of UAR press attacks on the USA. This amendment had not repeat not been implemented but I thought its passage had jolted UAR confidence in United States. Nasser agreed that it had. I suggested that a subsequent and more serious development had been the reported sale of super-Mystère and possibly Mirage planes to Israel by France. This, coupled with the psychological reactions to the Tawafig affair on the Israeli-Syrian border, had led to the UAR request for more arms from the Soviet Union. I said that it was generally believed that the Soviet Union had played somewhat hard-to-get in this matter of arms, in a desire to induce more cooperation from the UAR with the USSR in foreign policy. There had been a marked let-up early this autumn, and an improvement (as it seemed to me) in mutual understanding between the UAR and the West at the time of the President's visit to the UN, where his speech had made a very good impression. Since then differences in assessment and policy on the Congo had however led to a further deterioration.

Africa

5. I said that I did not repeat not want to get into a discussion of the rights and wrongs of various views about the Congo, but the real danger in my opinion was that in the very complicated and confused situation honest differences of assessment and views tended to lead to serious misunderstanding of motives on both sides. There was danger that this could lead in turn to a still further deterioration, which would jeopardize the improvements gradually and not repeat not without difficulty built up in 1959 in Western-UAR relations, as well as weakening and indeed jeopardizing the prestige and strength of the UN itself. Both these factors seemed to me more important than the question which Congolese politicians should in the first instance succeed in consolidating their position in the Congo.

6. I said that in my opinion the real interests of the UAR and the West in Africa had a basic element in common. Colonialism was inevitably on the way out and it was inevitable that virtually all African countries would be independent within a matter of a few years. The real issue therefore was not repeat not anti-colonialism, but whether the leaders of the newly-emerged self-governing African nations would be genuinely independent national leaders, or whether they would become puppets of the Soviet Union. It seemed to me that it was no repeat no more in the UAR's interest that communism should acquire a strong position on Egypt's southwest flank in Africa, than it was that it should acquire a strong position on Egypt's northeast flank in Iraq.

7. Last year the USSR had tried to establish such a position in Iraq, but had failed – in considerable part due to President Nasser's strong opposition. But now it seemed to me that the Soviet Union had [developed] a more far-reaching and flexible policy of passing over for the time being, the Middle East, and concentrating on attempts to develop and consolidate a beachhead in Black Africa. The Congo had seemed to give them just such an opportunity, Lumumba had invited the Russians to send military and technical assistance and had attempted to expel the UN a few days after he had asked it in. I said that the UAR press had accused the West in general, and the USA and Britain in particular of trying to re-establish colonialism in the Congo. This seemed to me an entirely false interpretation of their motives. They had been concerned about what rightly or wrongly they considered the likelihood of large-scale communist take-over. A good many Congo leaders had also turned against Lumumba because they likewise feared this danger. Whether or not their apprehensions were justified, they were

real. A misinterpretation of motives could not repeat not help anyone and could lead to growing distrust which though unnecessary could well prove tragic for both the UAR and the West.

8. President Nasser, unlike Kamal Rifaat, Heikal, Moheiddin, Mourad Ghalib and Mahmud Riad, but like Boghdadi and Kamal Edin Hussein, seemed quite unwilling to recognize the honesty of Western motives, irrespective of the rightness or wrongness of their assessment. He said that in his experience the Western imperialists never let go their influence or control voluntarily in territories which they had dominated. I commented that Egyptian experience was not repeat not in my judgment typical, and that British policy, and American support for it, in granting independence to India, Pakistan, Burma, Ceylon, Nigeria, etc. should also not repeat not be ignored. Nasser said, as Zulificar Sabri, Boghdadi, and Kamal Edin Hussein had done, that he must judge imperialists in the light of his own experience with them. He (and they) made the point that "the West" always started by calling genuine nationalists communists. It was irrelevant whether they really believed this, since they were always mistaken.

9. Nasser said that he knew he was being accused in many Western countries of supporting Soviet policy in Africa. The truth was the opposite: it was the USSR which was supporting UAR policy in Africa, which was a support for genuine nationalists.

Pseudo-Independence?

10. Nasser went on to challenge the point that the West was giving genuine independence to African countries. He said that Ghana, Guinea and Mali were genuinely independent, because they had strong national leaders, but that most of the other African countries were only what he called semi-independent. He said no repeat no one could really call most of the French community countries truly independent. Nigeria also was not repeat not really independent. It still depended on Britain for arms, defence, economic assistance, and advice.

11. I commented that it was natural enough that young countries should still require some outside cooperation and assistance and technical advice. Some countries got independence without developing antipathy to former administering countries: I mentioned Canada, India and Pakistan as obvious examples. Other countries got independence with a heritage of antipathy. Both types of development were understandable enough, but surely both routes could lead to genuine independence and often had. I suggested that Nasser might be making the mistake of misinterpreting friendship toward the West as a whole as incompatible with genuine independence. (Boghdadi had surprised me my maintaining categorically two days previously that Nigeria was not repeat not in fact independent at all. He and Kamal Edin Hussein certainly seem to consider anti-western feeling virtually a criterion of genuine independence.) Nasser for his part seemed to concede that I might have a point here.

12. But he reverted to his own assessment and went on to maintain that as issues became sharper over the next four or five years it was inevitable that even the semi-independent countries would become genuinely independent. For example, he said, Nigerian students had already succeeded in defeating (sic) the plans of the Nigerian Government for defense cooperation with Britain. In due course real nationalist leaders would come to power in all these countries. He implied that all that would be needed was some shaking, and he seemed ready and willing to help shake. He seemed to feel confident that in the long run his interpretation of genuine independence would become general in Africa as in the Middle East. While therefore the next few years might be tense and have moments of danger, Nasser seemed disturbingly confident that in the long run what he considered his cause would prevail.

13. *The UN.* Another point I made concerned the UN. I said that before the development of a constitutional and quasi-parliamentary framework for international relations through a world organization, real international influence had been largely the monopoly of the few great

powers. Since the establishment of such a constitutional framework middle powers such as the UAR and Canada had been able to develop a significant degree of influence in world politics and therefore an opportunity to help develop a safer world for all. Nasser said that he had himself strongly believed this, but he now realized he had been deceived in trusting the UN. The UN had shown itself to be in effect an instrument of the USA, at least as at present organized. In 1948 on the Palestine question it had perpetrated a terrible injustice, thanks to American influence. In 1956 it had achieved a great success, thanks to American influence. In the Congo it had again perpetrated a terrible injustice, as a result of USA influence. He said that this influence was not repeat not merely on the votes of what he called semi-independent countries with UN membership, but also in the Secretariat. He said he had a lot of info about how the Secretariat worked, and he knew that Hammarskjöld himself was under USA influence. I said I thought this an injustice to Mr. Hammarskjöld, who was in my judgment most sincere and courageous. Naturally he listened to all sides, but he took his own independent decisions. Nasser seemed unwilling to concede this. He said that the Congo developments would have a most profound effect all through Africa, and that no repeat no African nationalist would in the future feel able to trust his country's safety to the UN.

14. I was disturbed by the extent to which Nasser said he had lost faith in the UN, and the extent to which he seemed ready to use his influence to weaken UN prestige and to destroy the confidence of others. I suggested that in my judgment it was important to nourish and consolidate this prestige, so that the organization could become stronger in the interests of all of us. Nasser seemed happy enough to take a more short-term view, and struck me as surprisingly confident that he would prove on the winning side.

15. Nasser reiterated several times the point that in Africa it was not repeat not he who was supporting Soviet policy but rather the USSR which was supporting his policy. He said that earlier this autumn in New York he had opposed Khrushchev's ideas for reorganizing the UN Secretariat by giving vetoes to the communists, the Western bloc and the neutralists. He had discussed this frankly with Khrushchev who explained to him that he was anxious for disarmament in the next few years, and that without a UN Secretariat in which he could have confidence, disarmament and effective controls would be impossible. Nasser said that he had told Khrushchev that disarmament was a matter for the future and that in the meantime he must not repeat not weaken the UN. But Nasser reiterated that he had been deceived in all this by Hammarskjöld, the UN and the Americans. He repeated that he could now no repeat no longer afford to trust his country's security and destiny to the world organization.

Non-Alignment and Israel.

16. The President said that for years he had opposed the idea of a division of the world into two blocks, one pro-western and one communist, since inter alia he feared that this could involve dangers of rigidity and tension that could jeopardize peace. It was for this reason that he had put such emphasis on neutralism and non-alignment. But where the very existence and "destiny" of his country was concerned, non-alignment was secondary. (I think the President may have meant "security," but perhaps he used "destiny" advisedly – he used it again later. If he is prepared to sacrifice non-alignment in the hope of advancing towards dreams of destined leadership this could be more drastic that reluctant alignment for security.

17. Nasser spoke repeatedly of his non-alignment policy in the past tense, as if he had now definitely decided to have finished with it. He said that with the new arms which Israel was getting from France, it had become absolutely vital that he should have supersonic arms to match French Mirages. He spoke of sixty Mirages. This surprised me. Incidentally the new French representative here confirmed to me in November that some Mirages had already been delivered. The MIG15s and 17s were useless, said Nasser. He added "Of course we have to pay for arms, we do not repeat not get them for nothing." He said he had now been promised

the planes he needs. He seemed to imply that non-alignment was finished for at least the next several years. At the same time he seemed confident that without non-alignment he would nevertheless not repeat not lose his independence and indeed that his country would fill an important position in the truly "nationalist" world of the Afro-Asian future. (I would not repeat not be too certain about some of the more far-reaching implications of all this, but it accurately represents the sense of what the President told me, and of his present mood. It is however important to bear in mind that his mood and direction have changed from time to time and may in the future be changed again. The fact remains that his present line is disturbing.)

18. Nasser was obviously concerned and bitter about Israel's atomic reactor in the Negev. He said that according to his info it was not repeat not France alone who had been helping Israel to develop this second reactor. I said that according to my info the USA and UK had been no repeat no less surprised and concerned about the recent news than the Canadian authorities. We had for years done what we could to prevent the spread of atomic weapons, and this was a main reason why Canada so strongly advocated controlled disarmament. It felt sure that USA and UK shared our concern about dangers of atomic weapons being dispersed more widely. Nasser was very sceptical about real USA and UK attitude towards arms, including atomic arms, for Israel. He said there had been in existence for some years a special tripartite committee of UK, USA and France to decide just who should provide what arms for Israel. I challenged this interpretation of the committee and told him that according to my understanding the USA and UK motive had been precisely to avoid building up an arms race in the Middle East. Nasser reiterated that he had info nevertheless that "other countries" were helping France to develop this second reactor. I reiterated my scepticism and asked whether this info came from Soviet sources and if so whether he seriously believed he could rely on it. He did not repeat not answer this question. I have definite impression that USSR had been playing irresponsibly, but successfully, on the almost invincible gullibility and suspiciousness of Cairo leaders where Israel and the West are concerned. Nasser said he could not repeat not help being suspicious. He could not repeat not be expected to gamble with the future of his country. Nor repeat nor could he ever forget as long as he lived the lesson of Suez in 1956. Israel might suddenly launch an aggression. And "the West" might decide to help her.

UAR-Western Relations

19. I reverted to my point that it would be tragic, and was in my opinion unnecessary, that UAR-Western relations should deteriorate into mutual suspicion to the extent that they seemed to be doing. The President said that he had very profound misgivings about the new Democratic Administration in the USA. The Democrats had always tended to be pro-Israeli. He referred to Democratic support under Truman for the establishment of Israel and its admission to the UN. Kennedy had during the campaign promised to put pressure on the Arabs to reach a settlement with Israel. If they tried that they would learn that such pressure could never work. Nasser said with a rather disarming grin that I "must know that whenever the Israeli question comes up we here go crazy," and seemed to imply that if this involved a distortion of UAR analysis of a situation, this was understandable and inevitable. I said I had no repeat no idea what Mr. Kennedy's views on UAR-Israeli problems would be, but I did know that many of his advisers would do what they could to maintain and if possible improve American relations with the UAR. It seemed to me unnecessary and unwise of the UAR to adopt in advance policies such as public attacks on the USA and the new Administration before it began, and what were interpreted as rather dangerous anti-UN and pro-Soviet policies in the Congo and elsewhere, which would make it more difficult for the new Kennedy Administration to maintain and improve relations with the UAR. Surely the prudent course was to try to avoid any anticipation [of] deterioration in UAR-USA relations, instead of steeling oneself to rush headlong into it.

20. Nasser seemed to take this point about his tactics. But on substance, Nasser said that the USA could apply pressure if it wished by stopping the supply of wheat under PL480. He added that he had got along without American wheat supplies before and could if necessary do so again. Nasser went on to say that in the long term it would be found that he did not repeat not have any real interests in or need for London and Washington, whereas both London and Washington did have important interests in and need for the Middle East. He added (as he has so often in speeches) that his policy had always been to be friends with those who were friendly with him, but to attack those who attacked him. (He seldom seems to consider where he would be if others followed this childish rule of thumb).

21. I said that this led me back to my point about whether some way could not repeat not be found out of the vicious circle of deterioration which he seemed to anticipate. I said that personally I thought that such a way could be found. I reminded the President that he had told me at various times during 1959, and particularly in the autumn of last year, that he had come to the conclusion that the lack of diplomatic relations with France was not repeat not really in the UAR's interest since it virtually forced France to throw herself into the arms of Israel as far as its Middle East policy was concerned. This seemed to get home to the President, but he defended himself by saying that he had begun by re-establishing economic and cultural relations with France and had arranged for consular relations with them in January 1960 as a step toward diplomatic relations soon thereafter. Then last December France had told him that they were no repeat no longer interested in such a step. I said that I personally thought and had said at the time that France had been unwise to reject this step, apparently out of pique that the President had re-established diplomatic relations with Britain. Nevertheless personally it seemed to me that his earlier analysis had been sound, and that the events of 1960 proved, I said I thought that it would be in the UAR's interest to get back to its previous policy and to re-establish diplomatic relations with France.

22. I added that it seemed to me that the UAR sometimes put the cart before the horse in its view about the exchange of ambassadors. Having ambassadors meant creating an instrument which gave the possibility of gradually reducing misunderstandings and leading, over a period of time, to improved relations. I said that the UAR attitude that you had to get improved relations first and then agree to an exchange of ambassadors as a reward, seemed to me to be approaching things backwards. The President conceded that it was in some respects rather like American policy toward communist China, which he considered entirely unrealistic and dangerous.

23. President Nasser went on to say that he had decided this autumn to exchange ambassadors with London, but then he had asked for some consulates in Africa, and the British kept giving him the run-around and postponing a reply. Meanwhile Israel had consulates in Nairobi and other African centres. He repeated, again with a grin, his dictum that "You know whenever the Israeli question comes up we are quite crazy. We focus on that issue and everything else becomes secondary."

24. I said that if he was interested in my opinion on this, it had nothing to do with the UK favouring Israel. His request for consulates in various parts of Africa must almost inevitably run into trouble with the UK Colonial Office. British colonies in Africa were well on the road to independence and the local administrations had to be consulted. It would not repeat not be surprising if they were influenced by Cairo's Voice of Free Africa propaganda broadcasts and also by Kasavubu's charges about subversive activities by the UAR mission in the Congo. Whether or not repeat not there were any truth in these charges, it would be understandable that they should have an effect on local administrations in those parts of Africa where attempts were being made to move as quickly as possible, in a peaceful and orderly way, toward a constitutional transfer of powers to independent national governments.

25. I reverted here to my earlier point that in my opinion there was an underlying common interest between the UAR and the West regarding development of genuinely independent African governments who would not repeat not be extremists under communist influence. I said that it seemed to me that having a UAR ambassador in London and a British ambassador in Cairo, who could talk directly to the leaders and whose reports could influence thinking inside his own government, seemed to me the sensible way of beginning to move toward a breakdown of the distrust which bedevilled both sides, and thus moving towards more satisfactory relations about Africa and other problems of mutual concern. To try to bargain for more satisfactory relations first seemed to me to be going about it backwards and to offer far less promise of real and timely progress.

26. Nasser seemed prepared to think over the points I had made about British and French ambassadors, though he commented that under present circumstances restoring relations with France would not repeat not be easy. I said that I appreciated this but getting out of a vicious circle was never easy. It could nevertheless be worthwhile. In the present situation I thought making genuine efforts to reverse the deterioration could be of long-term value to the Arabs as well as to the West.

27. Another point that I thought could reverse the trend toward deterioration and increasing mistrust between the UAR and Western countries would be reconsideration of the wisdom of attacking or undermining the UN. Though it was obviously far from perfect it represented, in my view and that of many people throughout the world, the best hope we had of achieving a secure peace. I said that I had been concerned about the danger of civil war in the Congo with outside intervention by various governments to one side or the other. The President seemed to agree that what he called turning the Congo into another Laos could be dangerous. I referred to another possibility mentioned in the press, of military action in the Congo by one or more nations acting outside the UN aegis. The President would not repeat not commit himself on this point. I asked what he really thought of Nkrumah's proposal for an African high command. He said the idea could only make sense if the command had effective forces. Having a command without unified or coordinated troops would be merely a façade. He said he planned to get clarification on the whole idea next week at the conference in Morocco. He made it pretty clear that he has not repeat not as yet entirely written off Nkrumah's idea, it is to involve forces and the possibility of action [sic].

28. Our conversation ended on this uncertain note, followed by kind and rather flattering comments by Nasser about Canada's goodwill and by the entry of photographers and newsreel cameramen to record the President good wishes for success in Moscow and his hope that I might come to Cairo for a Christmas holiday next year.

29. I do not repeat not know whether there is in fact much or indeed any likelihood that my attempt to express to President Nasser my misgivings about the direction of some of his present policies can do any good. I felt that I owed it to you and to the people of the UAR to make the attempt to get the President to pause and reconsider. I hope that the line I took was satisfactory to you. The President took my remarks in good part, and said at the end as he had at the beginning that he appreciated my frankness. But I found the implications to much that he had to say disturbing.

ARNOLD SMITH

SECTION B

IMMIGRATION

520. DEA/232-S-1-40

L'ambassadeur en République arabe unie
au secrétaire d'État aux Affaires extérieures

Ambassador in United Arab Republic
to Secretary of State for External Affairs

DESPATCH 562 Cairo, December 10, 1959
CONFIDENTIAL

PROPOSAL FOR IMMIGRATION FACILITIES FOR CHRISTIAN MINORITIES FROM U.A.R. TO CANADA

The purpose of this despatch is to propose that Canada establish facilities in Cairo for granting immigration visas to selected applicants resident in the U.A.R. At present such facilities do not exist. I think we should establish an Immigration Section at this Embassy as soon as practicable. I believe not only that this would be an important humanitarian service to fellow Christians of Western orientation and culture and (in most cases) Western origin, who are faced with disturbing long-term prospects here, but also that this course would be in Canada's economic and social interest. I believe that if we took in between two and three thousand immigrants per year, we could get significantly better immigrants than many that we are at present taking from Europe.

2. I am not here arguing that Canada should take in a larger proportion of immigrants of South European and Mediterranean origin rather than North European. Nor am I necessarily proposing any increased total immigration to Canada, though personally I believe this would in the long-run prove advantageous to our country. But my point here is that we are being unrealistic as well as rather inhuman in not giving serious consideration to the possibility of admitting immigrants from the elite minorities who have been resident in Egypt and who now for reasons described below want to get out. We could get better qualified Italians and Greeks from this country than the corresponding number of marginal immigrants which we do take in from Greece and Italy, for example. We could also obtain a number of well-qualified and easily assimilable Christian Armenians of Western outlook, and of Westernized white immigrants of Syrian-Lebanese origin. The potential immigrants I have in mind include many specialized technicians, tradesmen, and persons of demonstrated initiative, who could fit well and easily into the Canadian economy and society. They would be immigrants of essentially French or British culture, with a cosmopolitan outlook, mostly between the ages of 20 and 35, and with a good knowledge of one or in most cases both Canadian languages. All would be able to pay for their transport. Most would have sufficient funds to help in settlement and many would have significant capital which they would hope to transfer to Canada.

3. I am attaching a memorandum† outlining statistically and analytically various categories of would-be immigrants, setting out some background information on the reasons why they wish to leave Egypt, and outlining the difficulties they are now facing here. The memorandum also outlines something of their qualifications. In this covering despatch I will merely summarize briefly the motivations for migration and the problems which the would-be immigrants face if they remain in the U.A.R., deal with the question of security, and say something about the political implications of the sort of scheme I am proposing for our relations with the U.A.R. Government.

4. Basically the potential immigrants to Canada are members of the Westernized minorities who have long been established in Egypt, and who have until recently had a rather privileged position here economically and socially. At present with the rise of Arab nationalism, and particularly since the Suez affair in the autumn of 1956, these minorities find themselves being squeezed economically, socially and educationally, and most of them consider that the outlook for their children at least is unpromising and indeed disturbing. The minorities have had access to universities and have usually enjoyed a higher standard of education and living than most of the indigenous population. They have been well organized and prosperous, and many types of business activities have been in their hands. Hitherto they have tended to occupy managerial, technical, clerical and "white collar" positions far out of proportion to their relative numbers in the population as a whole, and it is clear to them that this will not be possible for young men and women now about to enter employment or for their children. The U.A.R. Government claims, with considerable reason on a population basis, that restricting (by informal directives) "white collar" jobs for Christians to eight or ten percent of the total in government and large organizations is not discriminatory: but in practice this proportion is considerably below the percentage of such jobs held by these people in the past, so that the squeeze is nevertheless a real one, quite apart from any estimate of the prospects of more far-reaching efforts in the future at assimilation and favouritism of indigenous Muslims. Some examples of hardships imposed are given in the attached memorandum. I might mention here that in practice many young Christian girls are being faced with the prospect either of marrying Muslims and having their children compulsorily brought up as Muslims, or accepting the prospect of marrying into and living in a much lower social and economic status than that in which they have been brought up.

5. The security problem has in the past few years been cited by Ottawa as a reason for not considering most immigration applications from the Egyptian region of the U.A.R. Immigration to Canada from Egypt was stopped early in 1957, the reason given being that facilities for Stage "B" security clearance no longer existed: Stage "B" had consisted of a check against U.K. Embassy files. But the U.K. Embassy is now happily being re-established.[11] And even during the past two years the Australians (through the Australian Interests Section of the Canadian Embassy) have continued to accept immigrants from Egypt, with security clearance against U.K. files in London. Moreover, this Embassy has already suggested alternative security clearance procedures (e.g. in our letters 448 of August 5, 1957 and 355 of July 9, 1958) which in our opinion would provide a relatively satisfactory security clearance. The suggestion included obtaining character certificates from leaders of well-organized communities and churches in Egypt, excerpts from police records, and checks against U.S. Embassy files of Communists. Moreover I would think it by no means impossible that I could arrange with Zakaria Mohieddin, the U.A.R. Minister of the Interior, whom I know fairly well, to have the names of immigrant applicants checked against his list of Communist suspects, if the Canadian Government thought this desirable. Prospective immigrants hesitate, for understandable reasons, to let it be known by the U.A.R. authorities that they are contemplating emigration. But since U.A.R. exit visas would in any case have to be obtained, I am inclined to think that asking U.A.R. security clearance at the last stage of our consideration of applications is a risk that would-be emigrants would have to face and that we could discuss the whole procedure fairly frankly with the U.A.R. Government.

6. I do not think that a policy of allowing immigration to Canada of members of minorities from Egypt would in practice raise difficulty with the U.A.R. Government, if it were frankly but discreetly discussed with them in advance. Egyptian Muslims in any case do not as a rule

[11] Voir/See Volume 26, document 369.

consider emigration, even to the Syrian region of the U.A.R., and I do not think that we would be likely in practice to receive many immigration applications from Muslim Egyptians. We might wish to consider accepting a small proportion of Egyptian-stock immigrants, but those who applied would likely be Catholic Copts who have already been westernized in cultural orientation. I understand that Egyptian Muslims have hardly ever applied for immigration to Canada in the past, and it is by no means certain that the Egyptian Government would in any case permit native Egyptian Muslims to emigrate. On the other hand, the U.A.R. Government would I think probably be discreetly happy in fact to see the emigration of some of their Christian minorities, since their overall policy is in the direction of assimilation and since these minorities are relatively indigestible.

7. I would be grateful if serious consideration could be given to this proposal that Canada plan to establish facilities in Cairo for selection of appropriate immigrants from this country. I look forward to an indication of the Government's views on this matter and if, as I hope, it is in principle favourable, then I would suggest that we consider the desirability of discussing the question confidentially with President Nasser sometime after I return from Christmas leave.

ARNOLD SMITH

521. DEA/232-S-1-40

Note de la Direction du Moyen-Orient
pour le chef de la Direction du Commonwealth

Memorandum from Middle Eastern Division
to Head, Commonwealth Division

CONFIDENTIAL [Ottawa], January 25, 1960

I attach for your signature, if you approve, a personal letter to our Ambassador in Cairo, in reply to his letter of December 10 to Mr. Holmes, a copy of which is attached.† I also attach, for your information, a copy of our memorandum of January 25 to Consular Division† on the questions raised in Mr. Smith's despatch 562 of December 10, which you have already seen, concerning Canadian immigration policy towards minority groups in the U.A.R. I understand Consular Division will co-ordinate divisional views on this matter, which is also of interest to DL (2) and, indirectly, to European Division.[12]

L.A.D. STEPHENS

[12] Note marginale :/Marginal note:
I see no objection to a more liberal policy in respect of admission of individuals and families — but see some difficulties in the way of a "positive" immigration program which would aim to take people from the UAR at a rate of "2-3,000" a year. N.A. R[obertson] 29.1.60.

[PIÈCE JOINTE/ENCLOSURE]

Le sous-secrétaire d'État aux Affaires extérieures
à l'ambassadeur en République arabe unie

Under-Secretary of State for External Affairs
to Ambassador in United Arab Republic

CONFIDENTIAL Ottawa, January 25, 1960

Dear Mr. Smith:

In the absence of Mr. Holmes I thought I should let you have our preliminary reaction to your despatch No. 562 of December 10 on Canadian immigration policy regarding UAR minority groups and to your suggestion, in your personal letter of the same date to Mr. Holmes, that this matter be taken up with the Immigration authorities at a high level, presumably by the Minister himself.

We fully agree that the position of Christian minorities in Egypt merits attention. We had already raised this question early last year with the Immigration authorities, in an attempt to ensure that immigration from the Egyptian Region to Canada should not be rendered more difficult by the inclusion of the UAR under Immigration Regulation 20(d). Now may be the time for a more comprehensive look at the whole problem of immigration from the UAR. The exhaustive review which you have sent us will prove most useful, especially since normal security clearance procedures may now be resumed in Cairo, thus removing an important obstacle to the admission of prospective immigrants. Indeed your despatch could hardly have been more timely, since we learned recently that the Immigration Branch was reconsidering our immigration policy towards North African Jews in particular, and for the whole North African area generally. While it may be necessary therefore to take up your proposals in a broader context, which would make for some delay, I hope that we shall be able to give you shortly more definite information on the Immigration authorities' reaction to your recommendations.

Yours sincerely,
N.A. ROBERTSON

522. DEA/11687-B-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur en République arabe unie

Secretary of State for External Affairs
to Ambassador in United Arab Republic

DESPATCH C-489 Ottawa, November 24, 1960
SECRET
Reference: Your Despatch 562 of December 10, 1959.

PROPOSAL FOR IMMIGRATION FACILITIES FOR CHRISTIAN MINORITIES FROM U.A.R. TO CANADA

After careful examination by all departments concerned of the question of allowing a measure of immigration from the United Arab Republic, agreement has been reached that at least some immigration from Egypt should be allowed and that persons with highly developed skills, as well as admissible relatives, should be permitted to come forward. It has therefore

been concluded that consideration might be given during the first year or so of operations to accepting an intake of some two hundred to three hundred persons (including close relatives admissible under present immigration regulations) and it is envisaged that an immigration officer together with a representative of the R.C.M.P. would visit Cairo periodically to undertake the final "processing" of candidates who would have been pre-selected for their examination by the Embassy.

2. These suggested arrangements, which would contemplate the first visit of an immigration officer to Cairo early in 1960, will be dependent upon the conclusion of satisfactory arrangements for security clearance of candidates for immigration. I should therefore be grateful if you would approach the U.A.R. Ministry of the Interior concerning the possibility of arranging a security tracing service through them; similar approaches should be made to the United Kingdom and United States Embassies in Cairo. Once this has been done a representative of the R.C.M.P. may have to proceed to Cairo in order to examine the practical aspects of this matter and it will of course be necessary for all the security aspects of the problem to be cleared up before any further progress can be made with respect to immigration proper.

3. When making your approaches in Cairo to the three prospective sources of security information about applicants for immigration from the Egyptian region of the U.A.R., you should ask whether, if you submit each applicant's full name, date and place of birth and present address, you will be given information about each applicant bearing on his criminal and security record, if any. With respect to the United Kingdom criminal and security suspect records, it will probably also be necessary for you to submit the same information, together with the addresses of each applicant for the past ten years, to the Chief Visa Control Officer at Canada House who will make enquiries in London. It is not clear yet whether in the latter event it will remain necessary for you also to check with the United Kingdom Embassy in Cairo. Would you please ask your United Kingdom colleague whether he thinks a check of United Kingdom records in Cairo as well as in London is likely to be of help to us.

4. With respect to your United States colleague, we believe it is likely that he will agree to tell you only whether or not adverse information is held. He will probably suggest that the details of the information held should be obtained by the R.C.M.P. direct from Washington.

5. In the course of your approaches you may be able to form some opinion of the reliability of the sources and of the efficacy of their facilities for screening individuals. If so, it would be appreciated if you would let me have your opinion. It should, of course, be made clear to all three sources that if the requested cooperation is afforded us we would undertake to respect any restriction on the further dissemination of information received and to guarantee that prospective immigrants will not learn from us anything about an exchange between us.

6. I enclose for your information copies of an exchange of correspondence with the Deputy Minister of Citizenship and Immigration on this subject† from which you will notice that no final arrangements regarding personnel have been made. It is recognized, however, that a considerable amount of work would be involved in undertaking pre-selection of candidates in preparation for visits by Immigration and R.C.M.P. officers. Your observations on this aspect of the problem would be appreciated.

N.A. ROBERTSON
for Secretary of State for External Affairs

523. DEA/11687-B-40

L'ambassadeur en République arabe unie
au secrétaire d'État aux Affaires extérieures

Ambassador in United Arab Republic
to Secretary of State for External Affairs

TELEGRAM 697 Cairo, December 31, 1960
SECRET
Deferred from London
Reference: Your Despatch C-489 Nov. 24.†

IMMIGRATION FACILITIES FROM EGYPT

On December 20 I called on Zakaria Mohieddin, UAR Central Minister of the Interior, and had a long and very friendly talk chiefly about Congo and overall UAR foreign policy. I told him what we were contemplating on immigration. He said his government would have no repeat no objection to such emigration from this country, and that he was glad that we proposed to make it possible for limited numbers of UAR residents to go to Canada. He said that in practice he did not repeat not think any Egyptian Muslims would apply, since they virtually never emigrated. Mohieddin recognized that in practice the migrants would be members of Christian minority. He spoke to me very frankly about the increasingly bad morale among the minorities, and about how much he himself regretted it. He said that his government was trying to reassure these minorities that there was no repeat no desire to get rid of them. He spoke frankly about the fact that they were among the most capable elements in Egypt's population, and were economically important to the country. He recognized that some of his government's recent moves, such as the flurry created this autumn by the demand for work permits for foreigners, had created profound concern among these groups, and he deprecated some of the hasty and badly thought out announcements put out at first by the Ministry of Labour. I told him that any immigration to Canada would be on a very small scale, and that we envisaged only two hundred to three hundred the first year. Mohieddin assured me that his government would not repeat not stand in the way.

2. I told Mohiedden that if there was to be any migration we would need cooperation from his ministry, on a confidential basis, in getting reports on would-be immigrants with regard to criminal and security or subversive records or anticipated risks. He assured me of full cooperation in this. He said that criminal records and communist associations or tendencies were precisely the factors that his ministry was worried about, so such cooperation would be easy.

3. Regarding machinery for security tracing, Mohieddin said that the Embassy should merely submit the names, addresses and date and place of birth to his Chef de Cabinet, whose name he gave us. His services would make the traces and one of his officers would call at the Embassy with the reports. He said that the procedure would not repeat not take more than two weeks at the outside. I gave Mohieddin the assurance in the last sentence of paragraph 5 of your despatch, and he said this would be entirely satisfactory to him. In my opinion UAR facilities for screening individuals from security point of view should be considered rather efficient. This government has been very careful for years to keep close tabs on communist activities in Egypt, and have been very successful in this, to the best of my knowledge. Certainly they have kept communist party influence at a very low level to date.

4. In order to test out in practice the efficacy, particularly the speed, with which we get this cooperation from the UAR Ministry of the Interior, it will of course be necessary to put in

some names. From this point of view we will, if you agree, proceed without delay to undertake the pre-selection referred to in paragraph 1 of your despatch. I would envisage that we might, if you approve, prepare a preliminary list of say one hundred or so names. These could be increased if Immigration Department desires to have a larger pre-selected group for examination by the immigration officer when he visits Cairo. The list of names could be submitted to the Ministry of the Interior for security and criminal reports either before or after the visit of the immigration officer. Submission after his examination of the applications would delay final processing but would have the very important advantage of avoiding unnecessary embarrassment to applicants many of whom might not repeat not be accepted by disclosing to UAR authorities their desire to emigrate. We hope therefore that you will agree to our postponing enquiries to the Ministry of Interior until after examination of the applicants by the immigration officer.

5. We have also discussed security clearance arrangements with the USA and UK missions here. The USA Chargé d'Affaires Anschuetz told me that his mission would be glad to cooperate with us, but would need approval from Washington on this. He undertook to seek this authority. Since my interview with him, Ambassador Reinhardt has returned to Cairo and confirmed his embassy's willingness to cooperate providing the anticipated OK from Washington is received. Anschuetz incidentally told me, in strict confidence and in reply to a direct question, that his mission has arrangements with Mohieddin for the same sort of cooperation which Mohieddin has promised me. It is I think desirable that the Americans should not repeat not submit to Mohieddin, names of persons who have applied to us but not repeat not to them for a visa, since this would give an odd impression to the UAR of our cooperation with the Americans. If you agree therefore I shall ask the Americans to check the names of these we submit to them against their own files, but not repeat not to submit them to Mohieddin.

6. We have also discussed the question with the UK mission here. They will be happy to assist us if they can but do not repeat not at present have cooperative arrangements with the UAR authorities, and I would suggest therefore that the names of those we wish traced through UK sources should be submitted to the UK authorities in London through Canada House and that we should leave the UK Mission in Cairo out of the picture unless you particularly wish them to be brought in.

7. I am delighted that my recommendation that some emigration from Egypt be re-started, has been accepted in principle by the authorities concerned in Ottawa. I would appreciate an early indication of your instructions on the question raised in this telegram, so that we can get things moving as soon as possible.

ARNOLD SMITH

CHAPITRE VIII/CHAPTER VIII
EXTRÊME-ORIENT
FAR EAST

PREMIÈRE PARTIE/PART 1
LAOS

524. DEA/50052-B-2-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM Y-202 Ottawa, October 26, 1960

SECRET. OPIMMEDIATE. PRIORITY.

Reference: Your Tel 3114 October 13.†

Repeat Washington, NATO Paris, Paris, New York, Delhi, Canberra, Wellington (OpImmediate), Saigon (Priority) from Delhi (Information).

By Bag Phnom Penh from Saigon, Djakarta, Tokyo, Kuala Lumpur, Moscow, Warsaw from London.

LAOS

Your preliminary comments to MacDermot accurately reflect our general approach to problems of Laos. We have, of course, followed with keen interest and growing concern the failure of successive attempts to re-establish a central government which all our Western friends could support, the resulting progressive disintegration of Laotian army, the rising threat of Pathet Lao dominance or partition of the Kingdom, and the possibility that any such outcome might lead to grave international complications.[1]

2. Our info on these developments, as the Foreign Office is aware, has come in large part from UK sources, and we are grateful to them for having kept us so fully informed. We have also been continuously in touch with Australian thinking, and have had less frequent but useful indications of French and New Zealand views. While the broad objectives of USA Government are of course known to us through direct contacts as well as indirectly, we have felt at times that we did not repeat not fully understand the reasons which led them to take particular initiatives. We understand that this feeling has been shared by other interested Western governments.

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[1] Sur les événements survenus au Laos pendant la première partie de l'année 1960, voir G. Barraclough, *Survey of International Affairs 1959-60* (London, Royal Institute of International Affairs/Oxford University Press, 1964), pp. 294-97.

On events in Laos during the earlier part of 1960, see G. Barraclough, *Survey of International Affairs 1959-60* (London, Royal Institute of International Affairs/Oxford University Press, 1964), pp. 294-97.

3. Because we have had no repeat no representative in Laos since the adjournment of the Commission in 1958 (occasional visits have been made since that time, but none since the coup d'état in August) and because, as you pointed out, we are not repeat not directly involved through membership in SEATO, we have been reluctant to express firm views as to the best course of action for our friends to adopt at any particular time in this complex and rapidly changing situation. The Minister has indicated that we should not alter this position now.

4. Before the adjournment of the Laos Commission we did of course express definite views which are on public record. For example, we actively participated in the Commission's efforts to encourage the Laotian government and the Pathet Lao to reach a political settlement as envisaged in Article 14 of the Geneva Agreement for Laos. When this settlement had, in the opinion of both parties and of the Commission, been achieved, we took the view that the Commission had completed its task, and we stated that we could not agree to any further Commission action which would infringe upon Laotian sovereignty. We have noted that successive Laotian governments, including the present government, have reaffirmed a policy of neutrality and respect for the Geneva agreements. We have also noted that Souvanna Phouma has stated on several occasions that his present negotiations with the Pathet Lao are concerned solely with the implementation of the 1957 agreements.

5. We should be interested in any comments on the feasibility of the proposal advanced by Sihanouk and "welcomed with great sympathy" by the Laotian representative in the UNGA for the neutralization of Cambodia and Laos with international guarantees.[2]

For London: You should speak along these lines to the Foreign Office. (Your telegram 3225 October 24†) similar reports from Delhi have appeared in *Globe and Mail* October 22 and *Ottawa Citizen* October 25. There is no basis in fact for statements that Canada has protested in Washington concerning USA "ultimatum" or made representations there in favour of support for Souvanna Phouma.

For Washington, D.C.: We shall of course be most interested to learn USA assessment of situation following Parson's visit to Laos.

For Delhi: Your telegram 647 October 18.† Reports of any further comments by Mr. Nehru or Indian officials would be much appreciated.

For Wellington: Your telegram 182 October 24.† Your reports on New Zealand views have been most helpful. New Zealand office here does not appear to receive copies of all messages on Laos.

[N.A.] ROBERTSON

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[2] Voir/See *Documents on International Affairs 1960* (London: Royal Institute of International Affairs/Oxford University Press, 1964), pp. 518-20.

525. DEA/50052-C-1-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 3545 London, November 23, 1960

SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.

Reference: Our Telegrams 3524† and 3525 Nov 21.†

Repeat Washington, Candel New York (OpImmediate), Paris, NATO Paris, Geneva, Bonn, Rome, Delhi (Priority) (Information).

By Bag Wellington, Canberra from London.

LAOS: CREATION OF A NEUTRAL ZONE IN CAMBODIA AND LAOS

Butler, Foreign Office Southeast Asia Department, told us yesterday afternoon that the reconvening of Laos ICSC might become an issue to be faced in the near future at the request of RLG and/or through Cambodian initiative at UNGA about a neutral zone. Butler asked us to delay sending you departmental thinking on this subject until it had been approved by Mr. Heath in the absence of Lord Home. Two telegrams signed by Mr. Heath and containing following Foreign Office's views were sent to UK Embassy in Washington repeated to New Zealand late last night.

2. After his meeting with Souphanouvong, Souvanna Phouma told UK Embassy Addis that he was going to ask the King to convene a meeting in Luangprabang of government, Pathet Lao and Phoumi representatives with a view to the formation of a government containing all three elements. Souvanna Phouma said he was offering Pathet Lao two cabinet seats and Phoumi representative one seat. Souvanna Phouma had agreed to Souphanouvong's request that Phoumi representative should not repeat not be Boun Oum or Phoumi himself. If portfolios given to Pathet Lao are unimportant ones Foreign Office think such a coalition government might be the best way to avoid potential civil war in Laos. After preliminary discussion with USA Embassy here, however, Foreign Office is so convinced of USA opposition to any such government that Foreign Office are not repeat not approaching State Department on this question.

3. Foreign Office also thinks the King will probably refuse to convene such a meeting. Souvanna Phouma will then probably be forced to do one of three things (a) resign, which would probably lead to civil war (b) complain to the Security Council about Thai and USA intervention, or (c) ask Geneva Co-Chairmen to reconvene Laos Commission. Such a reference to the Security Council would of course be most unfortunate. Souvanna Phouma may well decide on alternative (c) which would then face UK with very difficult decision. Since UK attitude to Laos Commission as Geneva co-chairman had been based on Laotian Government wish not repeat not to have Commission reconvened, it would be very hard for UK now to oppose Laotian Government request for Commission's recall especially as 1957 Vientiane agreements which led to Commission's adjournment *sine die* had broken down.

4. Butler said that return of Laos Commission might have certain advantages. UK might be able to get USSR to agree to the Commission being reconvened with terms of reference asking Commission to aid the establishment of a government composed of the main elements in Laos and the reestablishment of the 1957 Vientiane agreements. The latter term of reference might be used to preclude such a government establishing diplomatic relations with Peking and Hanoi. Butler thought the Commission might be able to do good work in promoting a unified

government but he could not repeat not spell out the mechanics of this good work. Butler said the Commission would of course be faced with immediate complaints from Pathet Lao about USA and Thai interference but presumably counter claims of DRVN interference would be forthcoming from Phoumi Committee. Butler realized that a reconvened Laos Commission would have a very difficult task and Foreign Office was certainly not repeat not pushing the idea of its recall but this might prove at least the best choice of evils in present threatening situation. Foreign Office has instructed Addis that if Souvanna Phouma raises the subject Addis is to urge him that any ruling request for the Commission's recall should not repeat not make any reference to Thai or USA interference in Laotian affairs.

5. Foreign Office telegram to Washington last night asked UK Embassy to discuss with State Department the prospect of Laotian Government seeking recall of Laos Commission. The object of seeking State Department views now was to determine whether USA would completely oppose this idea. If so, UK would then face serious decision which would have to be put to UK ministers. They would have to decide whether UK should oppose USA or be responsible for the Co-Chairmen rejecting ruling appeal. Such a rejection could prove to be a most undesirable prelude to civil war in Laos with all that entailed including possibly SEATO or Thai and USA military action to support Phoumi.

6. Butler said Cambodian initiative at UNGA about the creation of a neutral zone for Cambodia and Laos could also lead to the recall of Laos Commission. Sir Patrick Dean saw Son Sann of Cambodia in New York shortly after Son Sann had seen Parsons on November 21. Dean did not repeat not know whether Son Sann's views had been altered by Parsons. Son Sann said he had now decided to cut out reference to disarmament in the preamble of his draft resolution about the neutralization of Cambodia and Laos. He was thinking of suggesting the establishment of two UN Commissions, one for each country, perhaps with a common president. Sweden and a Latin American country might be suitable candidates for these Commissions. Laos and Cambodia would be required to permit no repeat no foreign bases or to make any other agreements (kind unspecified). Neighbouring countries might be requested to make a declaration respecting the neutrality of Laos and Cambodia and promising to provide no repeat no aid to those countries except t their governments. (Butler commented that this provision would not repeat not please USA).

7. Son Sann told Dean that he had discussed his ideas in general but not repeat not in detailed terms with Russians who seemed to be quite in favour. Son Sann thought Afro-Asians had also favoured this proposal and he was confident that Laotians would be entirely in favour. Son Sann asked Dean for UK views soon.

8. UK telegram to Washington approved by Mr. Heath last night asked UK Embassy to discuss with State Department what Foreign Office contemplated saying to Son Sann. Since Son Sann's talk to Dean indicated that Cambodian initiative had probably gone too far now to be turned back and since West should in any case seek to avoid responsibility for rejecting it out of hand, Foreign Office is thinking of saying to Son Sann that his ideas as spelled out to Dean might replace draft resolution. Butler pointed out that Son Sann had not repeat not mentioned to Dean that he envisaged interested powers guaranteeing Laotian and Cambodian neutrality. His less specific wording (see above) would be preferable to wording of draft resolution since it would be less likely to constitute an invitation to Chinese and DRVN unilaterally to guarantee Laotian neutrality and integrity and use this as a justification for military intervention against Phoumi forces. UK would endorse Son Sann's decision to cut out disarmament preamble.

9. Butler said UK might suggest to Son Sann that Cambodian resolution should mention Geneva settlement. Also, if repeat if Son Sann thought it necessary to have commissions for neutral zone, rather than setting up two new UN commissions the two present commissions

might be used and brought under UN umbrella. Butler told us that it might be preferable from Western viewpoint to have the two present commissions with Canada and India "taking care of Poland," rather than two new commissions which might well have a less desirable composition. Butler again emphasized Foreign Office was not repeat not pushing the idea of Laos Commission being reconvened but he thought this would probably be result if Cambodian UN resolution referred to the present commissions in both countries. Again the reconvening of Laos Commission might be the lesser evil.

10. Butler said Foreign Office would be most grateful to receive your comments soon on Foreign Office views outlined in this telegram which were for our eyes only.

526. DEA/50052-B-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM Y-218 Ottawa, November 25, 1960

SECRET. OPIMMEDIATE.

Following for Minister:

You will have seen London telegram 3545 and Washington telegram 2908† November 23 asking for our comments on the possibility of reconvening the ISC in Laos and a proposed UN resolution to create a neutral zone in Laos and Cambodia. Attached is a draft reply which, if you approve, could be despatched direct to London and Washington and repeated for information to Delhi, Paris, NATO Paris, Canberra, Wellington, PhnomPenh and Saigon. Begins:

Reconvening of ISC in Laos

We have examined with interest and some concern the suggestions made by the Foreign Office that the reconvening of the ISC in Laos might become an issue in the near future either at the request of the RLG or as a result of Cambodia's initiative in UN for the creation of a neutral zone.

2. We very seriously doubt whether a revival of the Commission now would serve any useful purpose. The Commission was established to supervise the implementation of a written agreement to end hostilities in Laos and is not repeat not well suited to assume a mediatory role in internal political disputes. In the existing situation in Laos, it seems doubtful that Canada, India and Poland could agree on what the Commission could usefully do beyond examining complaints which might be referred to it. We are inclined to agree with the Foreign Office's assessment that there would be little difficulty in substantiating NLH's complaints about American, South Vietnamese and Thai interference while there is little chance that counter complaints of North Vietnamese interference would be proven. The Commission could presumably offer its good offices with a view to reconciling the various Laotian factions. In view of the Geneva agreements and the composition of the Commission, however, such an offer would necessarily be directed, as were the Commission's efforts in 1956-57, towards "the integration of Pathet Lao fully and without discrimination into the national community" (Commission's resolution January 7/56). In January 1958, USA Government, though with grave reservations, agreed that a settlement on this basis, as envisaged in the Geneva agreements, was not repeat not inconsistent with the continuation of USA aid to the RLG. At present, however, the attitude of USA Government, if we understand it correctly, is that the cleavage which has developed between the non-communist factions makes such a settlement

too dangerous to contemplate. A negotiated settlement on the only basis possible for the Commission would therefore be very likely to mean the end of USA aid and support for the RLG and the army. We find it difficult to believe that in present circumstances the Commission could make any useful contribution to the restoration of non-communist unity, which is so badly needed. Our own position would be particularly invidious because of the deep division between the Western Powers over the causes of the present crisis and what should be done to resolve it. We would be subjected not repeat not only to pressure by the communists but would suffer from the divided counsel of our friends. Any decision to reconvene would of course postpone still further any prospect there may be of eventually winding up our operations in Laos and Cambodia.

3. Recent messages from Washington indicate that Cambodian haste to develop their scheme for a neutral zone is dictated as much by fear of the deteriorating situation in Laos as by concern about their relations with South Vietnam and Thailand. Prince Sihanouk's current visit to USSR and China is likely however to impose some delay. It seems at least possible that events in Laos may have moved further in the direction of polarization before general agreement can be reached on a UN resolution dealing with neutrality for the two states. In such circumstances, it might well be that some other attempt to introduce UN conciliatory and mediatory procedures into Laos would become urgently desirable or perhaps unavoidable. No repeat no predictions concerning developments in Laos can be more than informed guesses, however, and at present we see no repeat no alternative for the Western powers but to persevere in the attempt to work out an acceptable formula for neutralization of the two states under UN auspices. Ends

[N.A.] ROBERTSON

527. DEA/50052-B-2-40

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM 729 New Delhi, November 25, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: Your Tel Y-215 Nov 18.†

Repeat Permis New York, London, Washington from Ottawa, Saigon (Information).

By Bag Phnom Penh from Saigon.

NEUTRALITY ZONE IN CAMBODIA AND LAOS

I called on Commonwealth Secretary Desai yesterday to enquire about Indian attitude to proposed resolution in General Assembly guaranteeing neutrality of Laos and Cambodia. Desai said India would support such a resolution as it would in fact be an endorsation of the Geneva agreements even if agreements were not repeat not specifically mentioned. He did not repeat not think that absence of China and North Vietnam from UN would cause either to react unfavourably as they would probably welcome UN endorsation of neutrality as a deterrent to increasing American influence.

2. Desai thought one advantage of a formal UN resolution might be to discourage activities of Americans who have supported General Phoumi against Souvanna Phouma, risking civil war. Desai re-emphasized that USA policy in Laos had achieved diametrically opposite objectives of their activities by driving Phouma to a coalition with Pathet Lao, whereas a

coalition without communists could have been secured if Americans had not repeat not given military aid to Phoumi's rebellion against the RLG.

3. Desai expressed opinion that India would favour an immediate return of International Commission to Vientiane if RLG extended an invitation.

4. I am of opinion that we should consider supporting resolution provided the sponsors agree to acceptable wording. UN endorsation of neutrality in area might satisfy RLG and make less likely a request for return of International Commission to Vientiane. I am not repeat not certain, however, that it would be wise to support a move to set up new commissions in Cambodia and Laos to ensure neutrality. New commissions would invite non-cooperation by China and North Vietnam as they will have had no repeat no voice in composition of commissions. Without endorsation of China and North Vietnam new commissions could not repeat not function effectively. I realize alternative might be that we may be asked to revive adjourned Commission if conditions we laid down for reconvening Commission are met. Keeping India, the largest and best organized country in South and Southeast Asia, in a position of responsibility in area may be most effective counterpoise against China in the area. If this is sufficiently important for us we may have to continue our own participation and responsibility in a reactivated Commission in spite of our desire to remain withdrawn from area.

[C.A.] RONNING

528. DEA/50052-B-40

Note de l'adjoint spécial au secrétaire d'État aux Affaires extérieures pour la direction de l'Extrême-Orient

Memorandum from Special Assistant to Secretary of State for External Affairs to Far Eastern Division

SECRET [Ottawa], November 28, 1960

Reference: Telegram Y-219 to New York, dated November 25, 1960.†

RECONVENING OF INTERNATIONAL SUPERVISORY COMMISSION IN LAOS

The Minister urgently wants to discuss this with the Under-Secretary. Subsequent to receipt of this telegram in New York, Ronning expressed contrary views from New Delhi. If you decide to hold to the proposed outgoing text, a covering memorandum is urgently required explaining why resistance to the reconvening of the Laos Commission should be maintained, notwithstanding Ronning's assessment.[3]

ROSS CAMPBELL

[3] Note attaché:/Attached note:
1. In assessing balance of advantages should we not note the fact that China — where trouble is likely to come — has accepted the I.S.C. and is unlikely to admit that it can be bound by any U.N. resolutions?
2. Telegram to London not attached. [N.A. Robertson]

529. DEA/50052-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], November 28, 1960

RECONVENING OF LAOS COMMISSION

I understand that you wish to discuss this matter with me in the light of Ronning's telegram No. 729. I had already prepared on November 25 a memorandum to cover the draft telegram which I sent to New York for your consideration: this memorandum is attached.† The following comments are supplementary and take account of Ronning's views.

2. The attitude of the Indians to the general idea of a U.N. resolution guaranteeing the neutrality of Cambodia and Laos is naturally sympathetic. The broad objective of strengthening this neutrality also seems to us to have considerable merit, though we have some doubts about the means and the timing proposed. It is worth noting that Mr. Hammarskjöld seemed to share these doubts: a week ago he said that unilateral declarations by the U.S.A. and the U.S.S.R. of respect for the neutrality of Cambodia and Laos would be a more helpful possibility. It now seems probable, however, that the Cambodians will insist on presenting their proposal to the Assembly, although not in a disarmament context.

3. A resolution supporting and in some manner "guaranteeing" the neutrality of Cambodia and Laos *need not* contain provision for enforcement by any outside commission, old or new. There could be prior unilateral declarations by the two countries, followed possibly by unilateral declarations by the major interested powers; the Assembly might then merely note these various declarations. Action of this sort could have some value in stabilizing the situation, provided *all* the major interested powers (in particular, the United States and Communist China) were willing to participate in it.

4. If, however, this last condition were not fulfilled, or if there were grave suspicion that though fulfilled it might not be honoured, then the idea of "enforcement" might well be introduced into the resolution. (It was not, you will recall, included in the first Cambodian draft.) This *need not* mean an established resident international commission. Other methods could be devised for ensuring a continuation of United Nations interest, if this seemed useful.

5. Suspicions and divisions being what they are, however, agreement may only be possible if a commission is introduced to take some of the stress, and the question may be presented in the form of a choice between the commissions set up at Geneva (i.e. India, Canada, Poland) and a new commission of neutrals (e.g. Sweden, Switzerland, Burma). Mr. Ronning has suggested that in this event the old Geneva commissions might be the better choice, for two reasons:

(a) even if Communist China and North Vietnam were to welcome U.N. endorsement of neutrality, as a deterrent to U.S. influence, they might not cooperate with a new commission, which would accordingly be ineffective.

(b) as a counterpoise to China, it would be well to maintain India in a position of responsibility in the area.

6. Both points seem to me to have much validity. It should be added, however, that:

(a) even if the U.S.A. were to accept U.N. endorsement of neutrality as unavoidable in present circumstances, it would be most unlikely to cooperate with the *old* commission on the only basis possible for that commission. This would be likely to make the old commission ineffective. It might also tend to force upon the U.S.A. a choice between deeper military

involvement in Laos and withdrawal of support for the Laotian government — either of which could have very serious consequences.

(b) India cannot disinterest itself in an area of strategic importance where its influence clashes with that of China. Whatever is decided about a commission for Laos, India will retain its chairmanship of the commissions in Vietnam and, presumably, Cambodia. Through its embassy in Laos, India has expressed and will continue to express its views on developments affecting that country. If a new commission were to be created, Cambodia would be willing to have India a member; Laos might not.

7. While sharing Mr. Ronning's general assessment, therefore, I would be inclined to recommend a more careful examination of the various alternatives than has yet been possible, before expressing a willingness to return. If such an examination were to disclose a general consensus in favour of reconvening the Laos commission, and in particular if the Laotian Government were to request such action, I do not suppose we would wish to refuse; though in the absence of much closer agreement than now exists between the principal western powers I would continue to have very grave doubts about its usefulness and very serious misgivings about the invidious position in which we would find ourselves. On the information available now, I continue to think that we should express these doubts and misgivings to our friends.[4]

N.A. R[OBERTSON]

530. DEA/7266-P-2-40

Le commissaire de la Commission internationale de surveilleance pour le Cambodge au secrétaire d'État aux Affaires extérieures

Commissioner, International Control Commission for Cambodia, to Secretary of State for External Affairs

TELEGRAM 153 Phnom Penh, December [1], 1960

SECRET. CANADIAN EYES ONLY. PRIORITY.

Reference: Your Tel Y-214 Nov 18.†

Repeat Saigon, Paris, London, Washington from Ottawa (Information).

LAOS

1. During my three day stay in Vientiane from November 23 to 26[5] I had conversations with Prime Minister at reception with two ministers, heads and other members of main diplomatic missions and with press correspondents. Except for Thais and Americans themselves I did not repeat not meet anyone who claimed to understand the logic of USA position and few observers appeared to have clear view of what direction event will take.

2. USA position seen from Vientiane is even more ambiguous than when explained in Washington. British, French, Australian embassies in private conversations are extremely critical of USA handling of situation and think it will soon become hopeless unless Americans alter course of their policy. As the Prime Minister grows more bitter against USA local USA

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4 Note marginale :/Marginal note:
It was not clear, even after discussing this briefly with the Minister, whether he wanted a message sent out as outlined in Y-218 of 25/11. I suggest you contact the USSEA, who went over the Laos situation at some length with the SSEA today. R. C[ampbell] 28/11.

5 Fortier était à Vientiane pour une réunion du Comité de coordination du Mékong.
Fortier was in Vientiane for a meeting of the Mekong Coordinating Committee.

officials choose to treat Thai blockade and Phoumi's attitude as things over which they have neither control nor repeat nor influence.

3. Joint Souvanna Phouma-Souphanouvong statement of November 23 marked return to 1957 agreement with the difference that some of the more traditionally pro-western Laotian groups have now become officially "the rebels." Absence of specific reference in joint statement to establishment of diplomatic relations with Hanoi and Peking is only other significant departure from 1957 agreement.[6]

4. My comments on questions raised in your reference telegram follow:

(a) There is no repeat no indication that Souvanna Phouma intends to establish diplomatic relations with Hanoi and Peking until situation in Laos has stabilized. This would of course create a host of new problems as (group corrupt) has embassy and Formosa has consulate at Vientiane. Western observers believe that he may well accept economic aid from these two neighbours which would result in bringing semi-diplomatic missions to Vientiane. No repeat no precise information is available on Souvanna's plans for despatching good will missions to Hanoi and Peking. Minister Impeng told me that he himself will lead mission to Rangoon and Phnom Penh shortly. Russians for their part now have a charge in Laos. My Polish colleague here tells me that establishment of diplomatic relations between Laos and Poland and Czechoslovakia is impending.

(b) It is almost impossible to assess the degree of popular support enjoyed by Souvanna, Phouma throughout the country. I share on this point as well as on most others Mr. Addis' opinion that there seems to be no repeat no other national leader who could take over and be as acceptable to most Laotians as Souvanna Phouma. Even if Phoumi were to regain control of Vientiane it is to say the least unlikely that he could re-establish peace unless he were actively supported from abroad. Such direct open support at this juncture and particularly open Thai intervention would be more likely than not repeat not to bring about NVN intervention. The Pathet Lao seem to have much improved their positions in the provinces recently partly due to the thousands of weapons they captured from Phoumi's troops. Observers believe that a pro-Phoumi coup in Vientiane is unlikely and that local troops are prepared to defend the capital. There is serious doubt however as to whether Phoumi's troops would respond to orders to fight for Vientiane.

(c) RLG progress in re-establishing its administration in Sam Neua is believed to be very slow and Pathet Lao Acting Governor was still in charge as of last week.

(d) Kong Lae resumed direct command of paratroops last week concurrently with his position as Special Assistant in Ministry of Defence I am inclined to share view that on balance he is still basically behind Souvanna Phouma.

(e) Special mission of Laotian parliamentarians was to visit Savannakhet last week. As joint statement has altered previous picture by specifically excluding Phoumi and Boun Oum from a coalition government and by putting the problem to the King it is not repeat not known whether mission is still going. It seems unlikely that Phoumi will make his peace with government unless he strops receiving foreign support.

[D'IBERVILLE] FORTIER

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[6] On n'a trouvé aucune trace de déclaration commune; voir, cependant, « Soviet Aid to Arrive in Laos in Few Days », *New York Times*, le 24 novembre 1960, p. 13, qui parle d'un projet de gouvernement de coalition comprenant le Pathet Lao.
No joint statement has been located; however, see "Soviet Aid to Arrive in Laos in Few Days," *New York Times*, November 24, 1960, p. 13, which reports a plan for a union government including the Pathet Lao.

531. DEA/50052-B-2-40

Le commissaire de la Commission internationale de surveilleance pour le Cambodge au secrétaire d'État aux Affaires extérieures

Commissioner, International Control Commission for Cambodia, to Secretary of State for External Affairs

LETTER NO. 195 Phnom Penh, December 2, 1960

CONFIDENTIAL

Reference: My telegram 153 of December 1.

LAOS

I conveyed to you in my telegram under reference whatever assessment I could make of the Laotian situation after spending three days at Vientiane in the second half of last week. I would have liked to stay longer in order to be able to prepare a more elaborate report and check a number of important questions which I had, hurried as I was, to leave unanswered. I would like to add here a few remarks to my telegraphic report which, I think, shed an interesting light on current developments.

2. I was surprised to see how far apart the U.S. have become from the other western countries at Vientiane. My conversations with the U.S. Ambassador and some of his advisers left me with the impression that the Americans who live in Laos find it very difficult to justify the position of their Government. Their basic argument seems to be that if they were to drop Phoumi, it is the Pathet Lao which would fill the vacuum, and that, therefore, they are more or less forced to support him. This line of reasoning is by no means agreeable to other western observers who generally think that it is precisely the sort of situation prevailing now that plays into the hands of the Pathet Lao. Perhaps the main trouble with the U.S. position is that they have always been looking for a clear-cut anti-communist solution, where only a compromise, followed by utter vigilance on the part of the non-communists, could restore peace. It is true that many Laotians are prone to forget the dangers of flirtations with the Communists. But it may be that one of the main reasons for that is the failure of previous anti-communist regimes to bring about a general improvement in the economic and social situation of the Laotians.

3. The Australian Chargé d'Affaires, Mr. Gibson, told me, presumably under the strains of a violent disagreement with his U.S. colleagues: "I will never be able to trust American diplomats again after what they have told us here and knowing what they have done." The French Counsellor was less emotional in his assessment but not less critical of U.S. attitudes.

4. The disagreement arises not so much on what might happen if the NLH were brought into the Government but on a difference of opinion as to the effects of the present period of confusion. The blockade has produced a sharp rise in the cost of living at Vientiane; the value of the kip has come down from eighty to ninety to the U.S. dollar. The Minister of Finance told me that the Treasury has received from the Americans no funds for budgetary support since September last and that as a result, the financial situation of the Government has become most difficult. The Government machinery has come to a virtual halt in most parts of the country for lack of liaison with the capital. It is widely believed that, on the long run, only the Pathet Lao can benefit from that state of affairs.

5. I heard very conflicting reports on Kong Lae's exact stand in relation to the Prime Minister and to Prince Souphanouvong. Apparently, he is prepared to oppose Phoumi Nosavan's return to Vientiane at almost any cost, including operational cooperation between his paratroops and the Pathet Lao, if need be. It is doubtful, however, whether he would side

with the Pathet Lao in different circumstances. Most observers think that Kong Lee has lost some prestige with his troops, but that he is still strong enough to be obeyed.

6. There were unconfirmed rumours as I left Vientiane on November 28 that the two companies which had been sent to Luang Prabang, presumably to recapture the Royal capital, had defected to Phoumi. They were understood to have served previously with General Ouane and to have acted out of loyalty for their former commander.

D'IBERVILLE FORTIER

532. DEA/50052-B-40

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM 755 New Delhi, December 14, 1960

CONFIDENTIAL. OPIMMEDIATE.

Repeat London, Washington, Permis New York from Ottawa (OpImmediate) (Information).

By Bag Saigon, Phnom Penh from Delhi.

LAOS

M.J. Desai's successor Commonwealth Secretary Gundevia summoned me at very short notice tonight to request me urgently to convey to you Prime Minister Nehru's concern about recent developments in Laos. Nehru fears situation may lead not repeat not only to serious and prolonged civil war but could precipitate even more serious international conflict. He therefore strongly urges that the International Supervisory Commission for Laos be reconvened immediately as the most effective means of preventing further deterioration by invoking the signatories of Geneva agreements to keep peace in area.

2. When Gundevia asked what our reaction would be, I replied Canada has consistently maintained that if the situation warranted reconvening the Commission and if the RLG invited its return to Vientiane, the request would be given most serious consideration. I added that, as far as I knew, there had as yet been no repeat no request made by RLG; also that there is at present some doubt as to who can speak for RLG. Gundevia said that the present situation was so fraught with danger that he hoped Canada would cooperate with India to have the Commission reconvened immediately. If there was any reluctance on the part of Laotian authorities, he was certain the Laotians would yield to USA influence and suggested that Canada might persuade USA to realize the importance of an immediate meeting of Commission in Vientiane.

3. Gundevia said USA had given the necessary support to General Phoumi to overthrow the Phouma Government. He read to me a letter written by Ambassador Brown in Vientiane, a copy of which had been given to him by Ambassador Bunker here, in which Brown denied specific charges of the use of American helicopters and modern equipment by Phoumi. Gundevia accepted these denials but quoted to me telegrams from Indian Ambassador in Laos stating "Western military attachés" in Vientiane, including the French, had abundant evidence that USA was supplying arms and ammunition to forces of General Phoumi. Gundevia added that China and North Vietnam would use this as the excuse for doing the same thing for the Pathet Lao. Phoumi's forces might capture Vientiane and Luangprabang by the use of American equipment, he said, to set up a rightist government but that would not repeat not win

a civil war against the Laotian communists backed by China and North Vietnam. He hoped USA would check their own authorities in Laos and Thailand who had it seemed continued their activities regardless of State Department directives. The USA could have had a friendly coalition government under Phouma excluding the PL but had chosen instead to drive Phouma into a coalition with the PL and now felt justified in driving him out to back a rightist government. This action now resulted in civil war or worse. Gundevia concluded by making an urgent appeal for Canadian cooperation with India to reconvene the Laos Commission in an effort to prevent civil war and all the associated dangers.

[C.A.] RONNING

533. DEA/50052-B-2-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM Y-224 Ottawa, December 15, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: Delhi Tel 755 of Dec 14.

Repeat Paris, London, Washington, Candel New York, Delhi, Saigon, Phnom Penh, Moscow, Warsaw, Canberra, Wellington (OpImmediate), Tokyo, Kuala Lumpur (Priority) (Information).

LAOS

Following for the Minister: Begins.

You will have seen Mr. Nehru's suggestion that the ISC be reconvened immediately as the effective means of preventive the deterioration of the situation in Laos leading to prolonged civil war and possibly to serious international conflict.[7] As you know, when the Commission was adjourned in 1958 we took the position that its duties had been completed and that the Canadian Government could not agree to any further Commission action infringing on Laotian sovereignty.

2. If the Commission is to go back, it seems to us essential that there be prior agreement among the factions in Laos and the interested powers, particularly USSR, China and North Vietnam on the one hand, and USA, UK and France on the other, that its return would serve a useful purpose. The Commission was established to supervise a Cease Fire Agreement between the Pathet Lao and the non-communist elements in Laos and its mandate from the Geneva Powers is quite unsuited to the present situation where there is actual civil war between two groups of non-communists with the Pathet Lao seeking to profit from the resulting anarchy by all possible means. An essential precondition to reassembly would be a cease fire among the Laotian factions, including the Pathet Lao who might be open to Soviet influence. While the present position in Vientiane is by no means clear, the attitude of Boun Oum and General Phoumi, whom the King has entrusted with forming a new government and who appear to be in physical control of a portion of the capital and Southern Laos, is of key importance. So far we have no indication that General Phoumi or for that matter Souvanna

[7] Voir/See United Kingdom, Parliamentary Papers, Cmnd 2834, *Documents Relating to British Involvement in the Indo-China Conflict, 1945-1965* (London: Her Majesty's Stationery Office, 1965), No. 88.

Phouma, wishes to see the Commission reconvened. The attitude of other interested powers including the USA is also not clear. Some clarification of USA, UK and French views as to the usefulness of reconvening the Commission may emerge from the talks on Laos which we understand the foreign ministers of these three countries intend to have or are now having in Paris.

3. We have learned that instructions went late last night to Indian representatives in London and Moscow to convey to the Co-Chairmen of the Geneva Conference Mr. Nehru's view that the Commission in Laos should be reactivated. We are sending a preliminary reply to Ronning's telegram 755 asking him (a) to point out to the Indians that in the Canadian view the consent of the principally interested parties and countries to a return of the Commission would be essential if it were to have any prospect of contributing to the easing of the situation. (b) to enquire what the Indians envisage the Co-Chairmen might do in the present circumstances.

[N.A.] ROBERTSON

534. DEA/50052-B-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire en Inde

Secretary of State for External Affairs to High Commissioner in India

TELEGRAM Y-225 Ottawa, December 15, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: Your Tel 755 Dec 14.

Repeat London, NATO Paris, Paris, Washington, Candel New York, Moscow, Warsaw, Canberra, Wellington, Saigon, Phnom Penh from Delhi (OpImmediate) (Information).

LAOS

We agree with the points you made to Gundevia as set out in paragraph 2 of your reference telegram. We share Indian view that the situation in Laos is a matter for serious concern and Government is giving urgent consideration to Mr. Nehru's suggestion that the Commission be reconvened.

2. In addition to doubt as to who can speak for the RLG, it seems to us essential that the reconvening of the Commission should be preceded by agreement among Laotian factions including Pathet Lao on a cease fire in the incipient civil war and by prior agreement among Geneva Powers that the return of the Commission to Laos at present would serve useful purpose. While it is no repeat no doubt formally correct that the Commission can take its own decisions, in the present circumstances it seems obvious that the attitude of the various factions, including Boun Oum - General Phoumi who have been entrusted by the King with forming a new administration and who appear to be in physical control of Vientiane and Southern Laos, would be of vital importance. They might deny the Commission re-entry to Laos. Moreover the attitude of Geneva Powers particularly USSR, China, North Vietnam and USA would necessarily have an important bearing on the prospect for any useful activity by the Commission.

3. We have seen a wire report that Mr. Nehru has suggested to Co-Chairmen that, if it could function, the Commission might perform a useful role in Laos at present. We should welcome any info you can obtain on this initiative and what the Indians envisage the Co-Chairmen might do in the present circumstances.

4. I should be glad if you would assure Indians that Mr. Nehru's request will be given urgent and sympathetic consideration by Government but you should let them know that the factors mentioned above weigh heavily with us and will have to be taken into consideration.

[N.A.] ROBERTSON

535. DEA/50052-B-40

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM 770 New Delhi, December 17, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: Your Tel Y-225 Dec 15.

Repeat London, NATO Paris, Paris, Washington, Candel New York, Moscow, Warsaw, Canberra, Wellington from Ottawa, Saigon, Phnom Penh from Delhi (Information).

LAOS

I called on Commonwealth Secretary Gundevia this morning to give him your assurance Nehru's request is being given urgent and sympathetic consideration in Ottawa. I then discussed all factors as outlined by you in reference telegram which weigh heavily with us.

2. Gundevia agreed that all of these factors were important. He hopes, however, that we would not repeat not insist upon a ceasefire as a precondition to reactivation of Commission. He admitted it would not repeat not be feasible for Commission to meet in Laos without the consent of RLG nor of course would it be possible to return as long as fighting continued in area of Vientiane. He hoped, however, Canada would agree to immediate designation of a Canadian Commissioner so that Commission to which India and Poland had long since designated commissioners could be reactivated on short notice if not repeat not in Laos at some other acceptable place. He believed the reconvening of Commission will have a beneficial effect upon all of the groups involved in complex situation and will be an important factor in fostering the atmosphere in which a ceasefire may be obtained.

3. Gundevia said Nehru had approached both Co-Chairmen and that Khrushchev had already replied through the Indian Ambassador in Moscow saying he would give the request most serious consideration. As yet nothing has been heard from the UK. Gundevia said he assumed that the USSR, China and North Vietnam would agree to reconvening the Commission. In fact the Polish ambassador here, he said, had already given impression and had been most excited when Nehru was reported to have talked about Canada and Poland in the same breath as being prepared to reconvene under certain conditions. Katz-Suchy had been pacified only when assured by Gundevia that press reports had not repeat not reported the PM accurately.

4. The question now, said Gundevia was whether or not repeat not the UK and especially the USA would accept Nehru's proposal. Whether or not repeat not Boun Oum would welcome the return of the Commission, he said, was a matter which could be determined by the USA. He repeated that attitude of UK and Canada would be important in persuading USA to see the light. He then said Nehru would also ask the Indian ambassador in Washington to approach the USA to accept reactivation of Laos Commission in hope of getting a ceasefire.

5. Gundevia assured me India would not repeat not insist upon Laos Commission returning to Laos under impossible conditions but urged Canada to consent to the naming of a Commissioner immediately as a first step to restoring peace in Laos. I reiterated the conditions

including a ceasefire which we thought important preludes to the reactivation of Commission and added that we had so far not repeat not considered it necessary to name a commissioner until there was a real possibility of reviving the Commission in an atmosphere where it could be of real influence.

[C.A.] RONNING

536. DEA/50052-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], December 19, 1960

LAOS

The battle for Vientiane appears to have virtually ended by the evening of December 16 with General Phoumi's forces in control of most of the city. Tanks are reported to be clearing out stubborn remnants of the pro-communist forces from their last positions on the airport. Earlier, the bulk of Kong Lae's troops were reported retreating northward towards Luang Prabang. The fighting lasted for more than three days and considerable damage occurred; the United States Chancery and the offices of the United States Information Service and Operations Mission were heavily damaged and the eastern portion of the city was burned out. The casualties were considerable (some reports mention 320), and hundreds of homeless refugees have been flocking across the Mekong into Thailand. So far there have been no reports of casualties among Europeans. The United Kingdom authorities have not heard that there were any Canadians in the city or among the evacuees. The only Canadians of which we have record are a United Nations official attached to the Prime Minister's staff to give assistance in government administration, and possibly one Roman Catholic missionary.

2. Following the Prime Minister's departure for Cambodia on December 9, 38 of a total of 59 deputies of the National Assembly met in Savannakhet and voted non-confidence in the Souvanna Phouma Government. On December 12 the King issued a royal ordinance stating that the government headed by Prince Souvanna Phouma was no longer the legal government and temporarily entrusting the administration of the country to the Revolutionary Committee headed by Prince Boun Oum. On the same day the Revolutionary Committee announced the formation of a new government with Boun Oum as Prime Minister and General Phoumi Nosavan as Vice-Premier and Minister of National Defence and Veterans Affairs. On December 13 the new government was presented to the King in Luang Prabang who approved the new Ministry and promulgated a decree on December 14 recognizing the Boun Oum Government. The Pathet Lao supported by North Vietnam and China, have refused to recognize the new government, claiming that the King acted under duress, and have invited Souvanna Phouma as head of the legal government to go to Sam Neua in the Northeast near the border with North Vietnam. Souvanna Phouma has declined to go, but has claimed he did not resign, and is reported to be seeking contact with the Revolutionary Committee. The State Department anticipates no difficulty in recognizing the new government, and the United Kingdom has asked its Ambassador in Vientiane to advise when Boun Oum and General Phoumi have effective control of the capital, presumably so that recognition may be extended.

3. As you are aware, on December 15 Mr. Nehru sent messages to the Co-Chairmen of the Geneva Conference (the United Kingdom and USSR) suggesting that one step which might be

taken to stop the progressive deterioration of the situation in Laos and to maintain the peace would be the reconvening of the Laos Commission. Mr. Nehru sees the Commission as "exercising a stabilizing influence and leading to a reduction of the tensions that prevail in Laos," and considers that a military solution cannot ensure a durable peace either in Laos, or in Indochina as a whole, and that external arms will only aggravate the conflict. Late on December 14, Mr. Ronning was informed of Mr. Nehru's intended initiative and received an urgent plea for Canadian co-operation with India to reconvene the Laos Commission in an effort to prevent civil war and associated dangers. Mr. Ronning pointed out that there had as yet been no request by the Laotian Government, and that at the moment there seemed to be some doubt as to who could speak for Laos, but added that the request would be given serious consideration. Mr. Ronning has been instructed to inform India that Mr. Nehru's suggestion will be given urgent and sympathetic consideration but to point out that in our view it is essential that the reconvening of the Commission should be preceded by agreement among the Laotian factions, including the Pathet Lao, on a cease fire in the civil war and by prior agreement among the Geneva powers that the return of the Commission would serve a useful purpose.

4. The Foreign Ministers of the United States, France and the United Kingdom took advantage of their presence in Paris at the NATO meeting to discuss Laos. There was agreement that as soon as General Phoumi was in control, he must be pressed (a) to broaden his government (but not necessarily to include Pathet Lao representatives), to follow moderate policies and to pay attention to economic and social problems, and (b) to negotiate with the Pathet Lao.

5. There was some discussion by the Foreign Ministers of possible international action:

(1) *SEATO*. The United States considered that if there were a clear case of aggression across the border, the Manila Treaty was engaged and action would be needed. If there were military assistance in various forms across the northern border which is more likely and may have already begun the SEATO powers would have to consult together. The United Kingdom will do nothing to encourage any appeal to SEATO which it regards as unlikely to be productive;

(2) *United Nations*. An appeal to the Security Council would have no advantage; a veto would be certain, and the West would probably lose the propaganda battle. An observer corps under the Uniting for Peace Resolution presented some possibility, but on the whole opinion was against recourse to the United Nations.

(3) *The Geneva Conference*. There was some discussion about possibly reconvening the Geneva Conference. The Americans were strongly opposed to this idea.

(4) *The International Supervisory Commission*. It was agreed that the International Supervisory Commission could not return to Laos unless the Laotian government wanted it. The United States did not think the government would want the Commission back. The United Kingdom considers that recourse to the International Supervisory Commission would be preferable to war, to an appeal to SEATO, or to the wrong sort of action in the United Nations.

N.A. R[OBERTSON]

537. DEA/50052-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], December 20, 1960

RECONVENING OF INTERNATIONAL SUPERVISORY COMMISSION IN LAOS

Mr. Ronning's telegram 770 of December 17 (copy attached) recounts his second conversation with the Indians about reconvening the Laos Commission. Gundevia has come back with two points;

(1) a cease-fire should not be a pre-condition to reactivation; and

(2) we should immediately nominate a Commissioner so that the Commission can be brought together at short notice either in Laos or at some other place.

2. The Indian High Commissioner called on me yesterday on instructions to urge the above and in addition made the following points:

(1) Having been reconstituted, the Commission itself could get in touch with the factions in Laos about its return to the country;

(2) By meeting at some outside point at once, the Commission would have a calming effect and would promote an atmosphere in which a cease-fire might be obtained;

(3) The Commission might intercede to bring about a cease-fire between the parties in Laos.

Mr. Chakraverti believed that the attitude of the United States was crucial since the Boun Oum Government would be unlikely to agree to the Commission's return without American acquiescence. He enquired whether we had spoken to the Americans, and expressed satisfaction that the Indian Ambassador was being instructed to make representations in Washington. He felt that the best the Americans could hope for now was a neutral rather than a pro-communist Laos, and was very doubtful about the stability of the new régime in Vientiane.

3. The Foreign Ministers of the United Kingdom, United States and France who discussed Laos in Paris last week agreed that the new Laotian Government must be pressed to broaden its base, perhaps by including Souvanna Phouma (who claims he has not resigned and that the new government is illegal), to follow moderate policies with attention to economic and social problems and to negotiate with the Pathet Lao. They agreed that the International Supervisory Commission could not return to Laos unless the Laotian Government wanted it and the United States did not think that the Laotians would want the Commission to return.

4. The Quai d'Orsay considers that the Commission could play a useful role by hindering the activities of outsiders and acting as an "international eye" if the conflict becomes internationalized; meanwhile, although somewhat late, it was better to concentrate on re-uniting the nationalist factions. The French think the U.S.S.R. will be opposed to reconvening the Commission at this time since the Russians will wish to consolidate their position in Laos while ignoring suggestions of international control. Significantly, official communist pronouncements, although referring generally to the Geneva Agreements, have omitted specific reference to the Laos Commission.

5. The United Kingdom are of the view that recourse to the International Supervisory Commission would be preferable to a real war, an appeal to SEATO, or the wrong sort of action in the United Nations. Yesterday, Lord Home stated in the House of Lords that he had

instructed the United Kingdom Ambassador in Vientiane to pass on to the new Laotian Government Mr. Nehru's suggestion that the Commission should be reconvened. Lord Home indicated that if the Laotians agreed, he would approach Mr. Gromyko accordingly. Instructions have already gone to the British Ambassador in Moscow to express to the U.S.S.R. "serious concern" at the situation developing in Laos and the view that "steps should be taken to put a stop to the supply of assistance from outside the country."

6. In Paris Mr. Herter made it clear that United States policy in Laos had not altered; the aim is a political solution uniting the whole country under a government representing all nationalist and non-communist elements (excluding the Pathet Lao) which would pursue a policy of neutralism favourable to the West. State Department officials have had no comment on the Indian proposal to reconvene the Commission and have implied that they would want to think very carefully about its revival.

7. It is hard to refuse the Indian proposal that we nominate a member of the Laos Commission which is still legally in being, however many doubts we might have about the usefulness of the Commission in the present circumstances. The Commission's mandate from the Geneva Powers was to supervise a cease-fire which had already been agreed and to facilitate a political settlement between pro-communist and non-communist elements in Laos. Now there is actual civil war, and the non-communist elements are deeply divided. Moreover the United States appears to be firmly opposed to any settlement which would allow the Pathet Lao to participate in Laotian political life, the only basis on which at present stability appears to be possible.

8. It seems to us that (a) prior agreement on a ceasefire among the Laotian factions including the Pathet Lao and (b) the concurrence of the principal powers and the Laotian Government are important conditions which should be met before the reconvening of the Commission can be contemplated. New terms of reference which might be agreed at a further conference of the Geneva Powers or by negotiation between the Co-Chairmen (United Kingdom and U.S.S.R.) would also appear to be essential. The danger, of course, is that if we agree to the Indian request to designate a member of the Commission, we might find ourselves back in Laos without a cease-fire and without a mandate which is meaningful in the present circumstances.[8]

N.A. R[OBERTSON]

538. DEA/50052-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], December 23, 1960

LAOS

There has been considerable diplomatic activity about Laos this week. On Monday, Lord Home approached the U.S.S.R., pointing out that the situation was very confused, that arms had been sent to Vientiane from outside the country for use by the Pathet Lao and other elements in rebellion against the government, and that there was danger that the new administration might feel bound to appeal to SEATO. There was risk of a very serious

[8] Note marginale :/Marginal note:
Hold until further instructions. H. G[reen] 22/12

situation which must be averted. In Lord Home's view, efforts should be concentrated on ensuring peace and stability in Laos and that he had approached the authorities in Vientiane about the return of the International Supervisory Commission. He pointed out that if the Vientiane authorities should accept the Commission it was essential that the rebels should do likewise and should cooperate with the Commission.

2. Simultaneously, the United Kingdom Ambassador in Vientiane was instructed to approach the head of the new administration about the Commission's return. Representations were also made by the United Kingdom and United States Ambassadors in Vientiane and Bangkok to forestall an appeal to SEATO which seemed to be developing.

3. Throughout the week the Foreign Office has kept in close touch with Canada House about United Kingdom thinking on the return of the Laos Commission, and on several occasions has requested our views on the conditions under which it might return and on terms of reference which the United Kingdom appears to envisage might be negotiated between Lord Home and Mr. Gromyko as Co-Chairmen of the Geneva Conference, to guide the resumed work of the Commission.

4. The Russians have now replied to the United Kingdom and while the full text of their note is not yet available, they appear to have suggested action in two stages:

(a) An urgent appeal by the Co-Chairmen to all the Geneva Powers not to interfere in Laos and to help restore a calmer situation there. In addition the Co-Chairmen should approach the United States who were responsible for recent developments asking them to stop the flow of American arms and military instructors and to recall military personnel already there.

(b) As a long-term measure, the reconvening of the Geneva Conference. The Russians have also said that they were not opposed to the re-introduction of the ISC.

5. The attitude of the various governments, as known to us, is briefly as follows:

United Kingdom: Working actively for the return of the Commission as preferable to an appeal to SEATO or action by the United Nations.

France: Believes the return of the Commission might be useful if the war in Laos should become internationalized.

United States: Appears to be thinking in terms of some form of United Nations action in preference to the ISC which they argue has proved ineffective in the past and would no longer serve a useful purpose.

U.S.S.R., China, North Vietnam: Have called for a new Geneva Conference and the return of the ISC.

South Vietnam and Thailand: Opposed to the Commission's return.

India: In favour of immediate reactivation of the Commission.

Laos: Attitude of the new provisional authorities unknown although Boun Oum told a newsman this week he did not want the Commission back. No information on Prince Souvanna Phouma's views.

6. The attached telegram† argues neither for nor against the return of the Commission or a new Geneva Conference. It merely sets out our view of the conditions necessary for the Commission to function and our opinion that the Commission's mandate, — the existing Cease Fire Agreement for Laos — cannot be altered without a new Geneva Conference.[9]

N.A. R[OBERTSON]

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[9] Note marginale :/Marginal note:
We might discuss. [N.A.] R[obertson]

539. DEA/50052-B-40

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Secretary of State for External Affairs to Prime Minister

SECRET [Ottawa], December 30, 1960

LAOS

The Soviet note[10] in response to Lord Home's initiative was received before Christmas (Tel. 3898 of December 23 from London).† It states that the Soviet Government shares the concern of the Government of India about the dangerous situation which has arisen in Laos and which seriously threatens peace in Southeast Asia. In the Soviet view, the cause is the crude intervention in the internal affairs of Laos by the United States and certain other participants in SEATO who have violated international law and the Geneva Agreements by giving military, material, technical and financial aid to the Laotian rebels. The note then makes the point that Prince Souvanna Phouma has not resigned and still heads the legal government of Laos, and that all peace-loving countries have an obligation to support him.

The note goes on to suggest various steps to normalize the position. For the long term, it proposes a new Geneva Conference to review the position in Laos and resumed activity by the International Commission. Two steps should, however, be taken immediately:

(a) The Co-Chairmen should call on all the Geneva Powers to condemn foreign intervention in Laos and to facilitate the restoration of normal conditions, and

(b) The Co-Chairmen should call on the United States to assist in restoring normal conditions by stopping aid to Boun Oum and General Phoumi, by recalling United States servicemen, withdrawing military material and influencing other countries (Thailand and South Vietnam) to stop supporting General Phoumi.

The note concludes by pointing out that since 1958 the Soviet Government has consistently stood for the resumption of the work of the I.S.C., that its removal "was necessary to certain circles in the United States," and that the Co-Chairmen should recommend to the Commission that it establish contact with Prince Souvanna Phouma in order to agree with him practical steps relating to the resumption of its activity.

The United Kingdom does not intend to publish the note immediately and has asked us not to make public its contents.

The preliminary reaction of the Foreign Office is that the United Kingdom would still prefer reconvening the Commission as an alternative to a new Geneva Conference. The former could be done at fairly short notice and the presence of teams in Laos might prevent some of the communist arms inflow. It is unlikely, however, that the United Kingdom can accept the Soviet qualification that the Commission should get in touch with Prince Souvanna Phouma about resuming its activities.

A recent report indicates that the reaction of the provisional government in Vientiane to the reactivation of the Commission is unfavourable. Both the King and General Phoumi are opposed, the former on the grounds that to accept the Commission would mean victory for the Communists whose proposal this was. General Phoumi told the United Kingdom Ambassador

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[10] Voir/See *Documents on International Affairs 1960* (London: Royal Institute of International Affairs/Oxford University Press, 1964), pp. 527-29.

that instructions have gone to the Laotian representatives in New York to raise the Laotian case in the United Nations.

In view of these developments, the reactivation of the I.S.C. in Laos at present would not appear to be practicable. As you know, the Commission was never intended to function in conditions of civil war which now exist in Laos, and could not operate without the agreement and co-operation of the local authorities. Moreover the Soviet Union, Communist China and North Vietnam are insisting that the Commission should deal only with Prince Souvanna Phouma who has taken refuge in Cambodia and whose status as legal Prime Minister is doubtful.[11]

H.C. GREEN

2e PARTIE/PART 2

VIETNAM

540. DEA/50052-A-2-40

Le commissaire de la Commission internationale de surveillance et de contrôle pour le Vietnam au chef de la Direction de l'Extrême-Orient

Commissioner, International Commission for Supervision and Control for Vietnam, to Head, Far Eastern Division

Saigon, February 1, 1960

Dear Ralph [Collins]:

I thank you for your letter of January 20† with the enclosed copy of Blanchette's letter to Grondin.†

I had a talk with Charles Bédard shortly before his departure concerning his year in Hanoi in the course of which I suggested that he might prepare a resumé of his impressions of the DRVN and particularly of the relative force of Soviet and Chinese influence.

I have now received a letter from Bédard enclosing copies of a memorandum which he has prepared since returning to Ottawa. The enclosures were in three carbons and it is possible that the original has already found its way to the Far Eastern Division. In any event, I attach a copy.

I am favourably impressed with this memorandum and agree with practically everything in it, in fact, I think his analysis of the Soviet and Chinese influence is rather penetrating.

I am forwarding a copy to Grondin.

Yours sincerely,

J.P. ERICHSEN-BROWN

[11] Note marginale :/Marginal note:
Note for file. On the Minister's instructions I made the comment to the PM that this memo might have been better balanced had it referred to the possibility of action through UN channels. H.B. R[obinson]

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

CONFIDENTIEL [Ottawa, s.d.]

QUELQUES IMPRESSIONS ET COMMENTAIRES SUR LA R.D.V.N.

J'ai, dans mes communications précédentes, donné le produit de mon observation sur le plan économique, au fur et à mesure des événements. J'ai laissé presque intouché tout le domaine politique, plus difficilement accessible que le premier sans entraînement préalable à la philosophie et au milieu socialistes. L'objectif de ce bref tour d'horizon est de livrer quelques unes des impressions qui se dégagent de mon année de séjour en R.D.V.N. et d'esquisser quelques conclusions d'ordre général sur le pays.

L'année qui vient de s'écouler a, tel que prévu, marqué, de pair avec la disparution des derniers vestiges de la bourgeoisie capitaliste, une avance considérable de la socialisation dans tous les secteurs de l'économie. Nonobstant les méthodes employées que j'ai déjà exposées et commentées, l'année se solde, à mon avis, avec un bilan positif. Il y a eu progrès économique, progrès infime et à rythme lent dans de nombreux secteurs, mais progrès réel dans l'ensemble. Cette lenteur tient d'une foule de facteurs les plus divers : manque de main d'œuvre spécialisée, de techniciens, de capitaux, etc., auxquels s'ajoute l'hypothèque onéreuse d'une aide étrangère généralement remboursable à brève échéance. Elle est d'abord et surtout inhérante à un système économique dont le dynamisme repose presque exclusivement sur l'esprit de sacrifice des masses, sur leur soumission aux impératifs d'une idéologie imposée de l'extérieur et, partant, subite.

Le fait primordial demeure toutefois l'adhésion totale du pays au clan socialiste, groupe monolithique dirigé de Moscou. Il en découle que pratiquement tous les phénomènes, tant politiques que économiques, portent en dernière analyse la marque de cette appartenance laquelle constitue pour la R.D.V.N. une sorte de raison d'être. Dans cet optique, la politique extérieure du pays n'est plus que l'écho, retransmis parfois à la fréquence de Pékin; de la voix du Kremlin. Quant à la politique interne, elle demeure, étant donné la nature essentiellement arbitraire du Régime, une sorte d'impondérable pour tous sauf une poignée de dirigents locaux et leurs conseillers étrangers. Le seul phénomène de l'année observable à nos yeux a été, dans ce domaine, la soumission « au peuple » d'une nouvelle « constitution socialiste » dont l'objectif principal semble avoir été de défini et de ramifier davantage les divers organes de direction du gouvernement et du parti. Le mécanisme est devenu un peu plus complexe sans y gagner en souplesse ni en contenu démocratique.

La R.D.V.N. est un pays à économie faible, un pays sous-développé. Il reçoit à ce titre une certaine mesure d'aide et est, partant, soumis à l'influence des autres pays plus fortunés membres du clan socialiste. Les deux principales sources d'aide et, à la fois, influence dominantes en R.D.V.N., sont l'U.R.S.S. et la Chine. Un observateur qui n'est pas dans le secret des dieux parviendra difficilement, s'il y arrive jamais, à retracer les limites des sphères d'influence respectives de ces deux pays. Toutefois la plupart de ceux qui ont vécu quelque temps dans le pays sont généralement d'accord que, dans les domaines scientifique, militaire et culturel (en général), l'influence de l'U.R.S.S. prédomine. En témoigne le nombre sans cesse croissant d'étudiants qu'on envoie chaque année poursuivre ou compléter leurs études scientifiques en U.R.S.S. ou dans les pays satellites de l'est de l'Europe. La main de l'U.R.S.S. est visible dans des parades militaires du type de celle du 2 septembre à Hanoi. Tout le monde de la musique contemporaine et de la danse (domaine qui n'est plus accessible que les autres domaines artistiques) porte définitivement l'empreinte soviétique.

Aux Chinois semble revenir davantage en propre le monde de l'entraînement technique, de l'agriculture et, en grande partie, celui de la technique de propagande et d'éducation des masses. On retrouve en R.D.V.N. nombre de récentes innovations techniques chinoises, telles que celles de matière d'élevage du cochon et de repiquage du riz. À l'instar de la Chine, on rééduque par le travail manuel les intellectuels récalcitrants et les déviationnistes. On exploite aux fins de l'état la main d'œuvre écolière et étudiante. Certains montages de propagande, particulièrement gigantesques, tels que ceux conçus dans les affaires Tanh-Thi-Ly et Phu-Loi, semblent porter la griffe chinoise. L'influence chinoise semble d'ailleurs à l'origine de nombre d'accès et d'intempérances en R.D.V.N., par opposition à l'influence soviétique qui semblerait jouer dans le sens de la modération.

Si l'on peut encore aujourd'hui, dans une certaine mesure, parler de la R.D.V.N. comme d'une « petite Chine, » mon impression est que l'influence soviétique est en montée et qu'elle tendrait même à supplanter la chinoise dans un nombre de secteurs de plus en plus grands. Cette impression se fonde sur bon nombre d'observations dont voici quelques unes :

- Un examen tant soit peu approfondi du caractère national révèle que, sous la flatterie, se cache une sorte de méfiance, voire même, chez d'aucuns, une sorte d'animosité sourde à l'endroit des Chinois. Ces sentiments trouvent un fondement naturel dans la vassalité humiliante imposée pendant plus d'un millénaire par les Chinois à un peuple orgueilleux et fier. Le Vietnamien (aidé en ceci par près d'un siècle de présence française) concèdera assez aisément à l'occidental une supériorité dans le domaine de la science et de la technologie; il respecte l'occidental, s'y subordonne même assez volontiers pendant un certain temps du moins. Il n'admet toutefois pas de maîtres sur le continent asiatique.

- Ce peuple un peu enfantin (à ses heures) et bricoleur se passionne pour la réalisations technologiques de tout ordre, domaine dans lequel excelle l'U.R.S.S. par opposition à la Chine.

- Dans les nombreuses réceptions officielles auxquelles j'ai assisté à Hanoi, j'ai pu observer que le nombre des diplomates et experts chinois était infime par opposition à celui des représentants et techniciens de l'U.R.S.S. et des « pays frères » de l'est de l'Europe.

- Toutes les occasions, enfin, sont bonnes à Hanoi (y compris les réceptions en l'honneur de la Chine) pour prôner l'hégémonie soviétique et rappeler à qui veut l'entendre sa toute puissance et son leadership dans le clan des nations socialistes.

Effet ou non d'une régression de l'influence Chinoise en R.D.V.N., il me semble que les dirigeants adoptent peu à peu une attitude plus positive en matière économique, que le pays dans son ensemble prend davantage conscience de ses limites.

Avant de clore ce bref tour d'horizon, quelques commentaires s'imposent en marge de notre présence en R.D.V.N. Dans les divers milieux où j'ai pu pénétrer pendant mon séjour dans ce pays, j'ai été heureux d'y constater la réputation de probité et d'honnêteté, toute à l'actif du Canada, que mes compatriotes se sont généralement acquise. A l'échelon officiel, du moins, on semble comprendre assez bien la position du Canada dans le monde, on admire même ouvertement sa prospérité et la dynamisme de son économie. J'ai été maintes fois étonné et touché par la nature objective et éclairée de propos qu'on me tenait ainsi que des questions que l'on me posait sur mon pays. Nonobstant la touche d'obséquiosité inévitable au Vietnam, une chose demeure : le nord Vietnamien cultivé (et ils sont nombreux à l'échelon officiel) est en général fasciné par l'image du Canada, grand pays capitaliste, prospère, libre, sans visées impérialistes et vivant en bonne intelligence avec tous ses voisins. Il professe même souvent une sympathie ouverte à l'endroit des Canadiens. J'ai quelquefois même oui dire à Hanoi qu'un pays comme le nôtre, respecté en Asie, sans passé colonialiste et possédant de plus une langue et une culture (française) accessibles aux Vietnamiens était de tous les émissaires possibles du monde occidental en R.D.V.N. le meilleur choix qui puisse être.

Mis à part ce que des remarques de ce genre peuvent contenir de trop ouvertement flatteur, peut-être avons-nous, de notre côté, tendance à sous-estimer les effets de notre présence en R.D.V.N., les possibilités de pénétration que cette présence nous fournit. S'il ne peut être question, pour le moment, étant donné l'hermétisme du milieu, de mettre en œuvre ou même d'élaborer un programme d'information ou d'échanges culturels, on aurait sans doute, à mon avis, tout intérêt à maintenir et à raffermir, dans la mesure du possible, les courants de sympathie ou même de simple curiosité qui existent à notre égard. Sans doute pourrions-nous du moins tenter de répondre de façon bienveillante et expéditive aux quelques requêtes (verbales) d'information sur le Canada qu'on nous fait parfois à l'échelon officiel, plutôt que de devoir les esquiver, faute de « matériel » d'information convenable, faute de fonds ou, même, tout simplement, faute d'intérêt. Nous pourrions, à un stage plus avancé, nous intéresser aux quelques ouvertures qu'on nous fait dans le domaine des échanges commerciaux. Nous pourrions enfin rehausser le niveau de notre représentation à Hanoi en y envoyant des agents davantage préparés et soutenus. — D'une façon générale, je souhaite que notre présence en R.D.V.N. sorte du stage purement symbolique dans lequel elle s'est installée ces dernière années et que, compte tenu des limitations qu'impose le milieu, cette présence devienne plus dynamique.

* * * * * * * *

J'ai, pour mon compte, rencontré en R.D.V.N. un people industrieux, intelligent, fier, curieux, subtil, dont l'élite férue de culture française conserve la nostalgie de l'occident. Nonobstant la mauvaise foie des dirigeants et l'état de croupissement des masses, il y a au Nord Vietnam une réserve de forces vives que le régime actuel ne peut étouffer. Il me semble donc qu'une contribution canadienne, infime soit-elle, au dégagement de ces forces ne pourrait manquer, à longue échéance du moins, de favoriser la cause du monde libre tout entier dans le Sud-Est asiatique.

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CHARLES M. BÉDARD

541. DEA/50052-A-2-40

Le commissaire de la Commission internationale de surveillance et de contrôle pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Commission for Supervision and Control for Vietnam, to Secretary of State for External Affairs

TELEGRAM 34 Saigon, February 16, 1960

CONFIDENTIAL. OPIMMEDIATE. PRIORITY.

Reference: Our Tel 23 Feb 4.†

Repeat Delhi, London, Washington, Paris from Ottawa (Priority) (Information).

GUERILLA WARFARE IN SOUTH VIETNAM

The draft Tenth Report will be tabled by the Indians on February 19 following which there will be a period of intensive concentration on the settling of the final text before the Commission resumes current business.

2. In the meantime I have been informed by the SVM they are about to lodge a complaint with the Commission over the attack on the South Vietnamese regiment at Trang Sup referred to in our reference telegram which was entitled in reference to the future of MAAG. This complaint will be supported by the text of a monitored radio broadcast in Vietnamese from Hanoi. A French translation done by the liaison mission is being sent airmail. Following is my retranslation into English begins: News from the South. Military success achieved by Southern liberation forces. At the approach of the recent Tet (Vietnamese New Year) the forces of liberation of the South registered important gains from a military point of view. During the night of 25 to 26 of January, 1960 the combatants of the Forces of Liberation of the South heroically attacked the Lam Son regiment stationed in a place occupied by the Southern forces and situated twenty kilometres from the frontier of Cambodia on the territory of the province of Tay Ninh. Our attack inflicted on the enemy heavy losses in men and material. On our side, thanks to the (corrupt group) of our command and the strength of purpose of our fighters to annihilate the enemy, we have suffered only slight losses in material. At the present moment all the patriots of the South are rejoicing in the military successes recently obtained by the liberation forces of the South. Ends.

3. My view is that this broadcast gives a clearer indication of the connection between the DRVN and the Viet Cong subversive forces than has so far been offered to the Commission. I propose to ask for urgent consideration of the South's complaint but before doing so I would suggest that some discussion with the Indians in Delhi on the recent developments here might be desirable. I do not repeat not know the extent of Katz-Suchy's representations in Delhi on the Law 10 adjournment. I have heard indirectly that the Indians will go a considerable way to include statements of the South's position in the report but probably not repeat not as far as we would like.

4. Please consider whether you wish Ronning to make such an approach.

[J.P.] ERICHSEN-BROWN

542. DEA/50052-A-2-40

Le secrétaire d'État aux Affaires extérieures
au commissaire de la Commission internationale de surveillance
et de contrôle pour le Vietnam

Secretary of State for External Affairs
to Commissioner, International Commission for Supervision
and Control for Vietnam

TELEGRAM Y-25 Ottawa, February 18, 1960

CONFIDENTIAL. PRIORITY. ROUTINE.

Reference: Your Telegram 34 of February 16.

Repeat Delhi, London, Washington, Paris (Routine) (Information).

SECURITY SITUATION IN SOUTH VIETNAM

Grateful if you would outline in greater detail kind of approach in Delhi you think might be useful at this stage. We are reluctant to ask Ronning to discuss security situation in South Vietnam with Indians without some specific objective in view and without first ensuring that efforts to achieve same objective through Indians in Saigon have failed or would be unlikely to succeed.

2. We presume an approach in Delhi at this stage could not change the content of the 10th Interim Report, although the tone and Indian willingness to accept amendments outlining the

South's position might be affected. Any approach designed to bring about even these changes would however have to wait until we have a clearer indication of the Indian attitude towards the report.

3. We agree that the monitored radio broadcast provides what is so far the best substantiation of Southern subversion charges. In practical terms, there remains the question of proof and the expectation that PAVN, if challenged, will deny all responsibility. Nevertheless, you can argue strongly that the North must be asked to comment on this latest incident and if the Indians continue to use delaying tactics the time might then be ripe to make a general approach in Delhi with a view to finding out whether the Indians intend to continue to close their eyes to the situation in South Vietnam. We think it would be premature however to shoot off our guns in Delhi until we have some idea of how the Indians plan to deal with this latest incident. Perhaps it will be possible for you to get Ansari's reactions before the Commission considers the Southern charge. In any event, we agree with your intention to ask for urgent considerations.

4. In summary, we think that an approach in Delhi would be unlikely to affect the final form of the 10th Interim Report unless we have some specific proposal to make and that a general discussion in Delhi of subversion charges and the current situation in South Vietnam might be more effective once the Indians' position on the latest Southern complaint is known. There is also the possibility that we might wish to relate an approach in Delhi to the broader question of MAAG activities referred to in your telegram 23 of February 4,† once American intentions are more clearly defined.

5. Following for Delhi — Grateful for your comments.

543. DEA/50052-A-2-40

Le commissaire de la Commission internationale de surveillance et de contrôle pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Commission for Supervision and Control for Vietnam, to Secretary of State for External Affairs

TELEGRAM 40 Saigon, February 20, 1960

CONFIDENTIAL. PRIORITY.

Reference: Your Tel Y-25 Feb 18.

Repeat Delhi, London, Washington, Paris from Ottawa (Information).

SECURITY SITUATION IN SOUTH VIETNAM

I now think approach in Delhi is unnecessary at this time as I have received account from Ansari of firm stand taken by Desai upon further representations made by Katz-Suchy since January 31. It seems that Poles made a further effort to get Indians to change their stand in the Legal Committee on Law 10.[12] and Desai made good use of Canadian draft referred to paragraph 2 of my letter 32 of February 9,† as basis for sticking to paragraph 19 draft report quoted my telegram 19 January 26.†

[12] Voir/See Marvin E. Gettleman, ed., *Vietnam: History, Documents and Opinions on a Major World Crisis* (Greenwich, Conn.: Fawcett, 1965), pp. 256-60.

2. Ansari was obviously pleased that Desai had backed his judgment. My relations with Ansari throughout my term here have been extremely good and I have thought for some time that he has been dissatisfied with lack of realism in Commission's handling of flood of propaganda charges under Article 14(c) and he has been constantly working toward a modification of Indian policy. On the other hand I believe he is sensitive to criticism from Delhi probably because of past criticism of his role in Laos adjournment.

3. I am dissatisfied with the Draft Freedoms chapter which is too much a recital of charges which inevitably favour the North, while omitting all reference to the fundamental developments of the past year. I will send further comments.

4. Regarding the future handling of the SVN intended complaint referred to in our telegram 34, I have endeavoured to check authenticity of broadcast. Blake in charge of monitoring for USA Embassy says Radio Hanoi includes two networks one handling programmes in Vietnamese and the other in English, French and other foreign languages. The programme of February 5 was not repeat not monitored by USA. They have not repeat not monitored broadcasts from Hanoi concerning the January 26 attack. He says Hanoi authorities have been extremely careful in what they said in their news broadcasts in the past and thought they were too intelligent to (gamble?) in this way. He also says that while the South allow Vietnamese language programmes from (Hanoi?) having political (2 groups corrupt) jam scheduled news bulletins and propaganda broadcasts so that they are virtually unmonitorable. He also says there is pseudo station "Voice of Liberation Front" which, although claiming to be a Viet Cong transmitting centre operating clandestinely in the Southern zone, is in reality a "black station" i.e. a station operated by the South.

5. While there remains a possibility this broadcast was authentic and came from Hanoi, I am continuing efforts to privately verify authenticity and if you have any means of checking would be obliged if you would do likewise. I do not repeat not think Colonel Nam would deliberately deceive us but have less confidence in those back of him.

6. At dinner last night given by Durbrow for British Ambassador who is leaving Saigon, I had talk with General Williams who disclosed they have been victims of three suspected acts of sabotage in past nine days. The first involved collapse of landing gear resulting in severe dame to MAAG aircraft; second involved electrical failure and crash landing, both without casualties: third involved loss of plane on February 17 now known to have crashed west of Tourane with almost certain loss of three lives. A special investigation's team of experts is being flown in on this accident, which may have been caused by a time bomb designed to have caught Williams and senior officers as well as senior officers of SVN army returning from manoeuvres in vicinity of Hue, who had originally been scheduled to come on this plane but changed their plans.

7. One of my officers has concluded from his conversation with a USA service attaché that there is within the USA military organization a growing dissatisfaction with present concept of organization and training of Vietnamese army which is based too much on Western conventional army organization and tactics. The same source said SVN had only three divisions which were really effective and expressed the view, possibly a personal one only, that one of these should be broken down into guerrilla units and specially trained for Vietnamese conditions.

8. Having regard to all of foregoing I suggest Delhi hold its approach for broader question as suggested our paragraph 4.

[J.P.] ERICHSEN-BROWN

544. DEA/50052-A-2-40

Le commissaire de la Commission internationale de surveillance et de contrôle pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Commission for Supervision and Control for Vietnam, to Secretary of State for External Affairs

TELEGRAM 43 Saigon, February 23, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: My Tel 23 Feb 4.†

Repeat London, Washington from Ottawa, Delhi (Information).

MAAG

Yesterday about five PM I received a message through the Liaison Mission that Mr. Vu Van Mau the Foreign Minister wished to receive Ansari and myself together at eleven a.m. this morning. The Polish Ambassador happens to be back and was not repeat not invited.

2. Mr. Vu Van Mau handed to Ansari a note in French concerning the South Vietnamese wish to increase the number of MAAG instructors in Vietnam. He explained that his government was much concerned with the acts of violence being committed by the communists and they found it necessary to have further instructors for the Vietnamese army. He indicated that the note referred to there having been at one time over 800 instructors both American and French and I gather that it repeats generally the facts already submitted to you by the USA Embassy in Ottawa in September 58.[13]

3. Neither Ansari nor I offered any comments and the remainder of the interview which lasted about 40 minutes was taken up with discussion of the Tay Ninh incident[14] reported in my reference telegram, the general question of cooperation between the South Vietnamese and Cambodian governments, and the broadcast from Hanoi quoted in my telegram 34 February 16 which was raised by Vu Van Mau. I am sending further comments on this and other conversations in a following telegram.

4. The note which was retained by Ansari will be circulated at once to delegates and will be followed by an English translation. I will telegraph English text when received and forward French next bag.

[J.P.] ERICHSEN-BROWN

[13] Voir/See Volume 25, document 419.
[14] Voir/See document 541.

545. DEA/50052-A-13-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner to United Kingdom

TELEGRAM Y-28 Ottawa, February 23, 1960

SECRET. OPIMMEDIATE.

Repeat Washington, Delhi, Saigon (OpImmediate) (Information).

MAAG

Mr. J.M. Steeves, Deputy Assistant Secretary of State for Far Eastern Affairs was in Ottawa over the week-end and called on the Under-Secretary on February 22 to outline the course of action his government proposed to take regarding an increase in MAAG. Steeves presented for our information a copy of a briefing paper on this subject for their Embassy in Delhi and said both the Indians and the British were being approached today, February 23. Copies of this paper being forwarded by bag to all addressees.

2. Steeves emphasized the pressure which the Vietnamese Government had exerted on the USA to increase MAAG activities. Although this pressure had been resisted for a number of years, the present imbalance of forces between North and South Vietnam and the internal South Vietnamese security situation made it imperative to increase training activities. He stated categorically that despite Vietnamese pressure, the USA had no intention of increasing the size of South Vietnamese armed forces. They did intend to revise the training programme with special emphasis on anti-guerrilla tactics. They planned to start bringing in additional MAAG personnel the beginning of April as term personnel start leaving. Steeves said that although a MAAG total of 685 was the figure which would be mentioned to the Indians, the State Department was trying to effect a reduction in this total by persuading USA military authorities to arrange for greater use of civilian personnel and of South Vietnamese officers already trained in the USA. He could not guarantee however that these attempts would produce much reduction in the total number of military personnel required.

3. The USA briefing paper outlines USA appreciation of North Vietnamese and Communist Chinese military potential and repeats the USA legal interpretation of the Geneva Agreement whereby an increase in the MAAG ceiling to the 888 foreign military advisers present in Vietnam at the time of the Cease Fire would be justified. According to this brief, it is contemplated that the Vietnamese Government might submit a letter to the Commission about an increase in MAAG personnel in "about three weeks."

Following for London: We have discussed informally with Earnscliffe the proposal for a reference to the Co-Chairman for an interpretation of the spirit rather than the letter of the Geneva Agreement (our telegram Y-1 of January 6).† We would be interested to know the Foreign Office's further views on tactics now that the American position has been clearly defined.

Following for Delhi: Since the Indians have presumably been informed that we were approached simultaneously on this matter, grateful if you would approach them to ascertain their reaction. In discussing the matter you may wish to refer to the internal security situation in Vietnam as one of the practical reasons for the USA decision. Pending receipt of UK views, you should not enter into a discussion of tactics unless the Indians proffer some views of their own. On the strictly legal aspect of the problem you should refrain from comment, saying that the USA argument is still being studied here.

546. DEA/50052-A-13-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], March 1, 1960

UNITED STATES MILITARY ASSISTANCE ADVISORY GROUP (MAAG) IN SOUTH VIETNAM

The United States Military Assistance Advisory Group (MAAG) was established in South Vietnam as a result of the signing of a pentalateral agreement in 1950 by the United States, France and the Indochina states. At the time of the Cease Fire in Indochina, there were 342 MAAG military instructors in South Vietnam along with 546 French military instructors, making a total of 888. In the course of the next three years all the French instructors were withdrawn along with the French Union forces. Training facilities for the South Vietnamese Army were therefore seriously reduced. The United States Government first approached us in July, 1958 regarding a proposed increase in MAAG personnel.[15] The Americans were informed of our view that there appeared to be no legal cover under the generally accepted interpretation of the Cease Fire Agreement for an increase in the MAAG ceiling of 342 which represented the size of MAAG at that time. It was stressed then, however, and in subsequent exchanges with them that if the United States and the South Vietnamese Government were determined to go ahead with their increase plans it was essential to have as early and as frank discussions of the problem as possible with the Indians since whatever our position might be, a failure to bring them into the picture and obtain their concurrence would have unfortunate repercussions in the Commission and on the framework of the Cease Fire Agreement in Vietnam. The following is an extract from our Memorandum of June 2, 1959 addressed to the United States Embassy in which our analysis of the situation was outlined:

> "5. The Canadian authorities fear that the Commission, and especially the Indian Delegation, would have difficulty in accepting the United States thesis as a satisfactory juridical cover for their proposed increase in MAAG personnel. They might also consider it inconsistent with precedents of interpretation of the Agreement, especially in the light of the past attitude of the United States Government towards the interpretation of Article 16.
>
> "6. In this memorandum the Canadian authorities have stressed the legal aspects of the case which they think might be adopted by the Indian Government and the International Commission. The Canadian authorities realize that the United States Government may nevertheless wish to develop the broad legal interpretation of Article 16 and to approach the Indian Government along these lines. They suggest, however, in any case, that it may be best not to do so until the situation in Indochina, and particularly in Laos, is more conducive to a consideration of the problem apart from other complicating factors and tensions.[16]

2. There were probably two reasons why the Americans took no definitive action in 1959 regarding an increase in MAAG. The first was the difficult situation in Laos and the second was the fact that they were able to use (sub-rosa) at least a portion of the personnel of the Temporary Equipment Recovery Commission (TERM) for training activities. The temporary

[15] Voir/See Volume 25, document 411.
[16] Voir/See Volume 26, document 432.

establishment of TERM was approved by the International Commission in 1957 for the purpose of recovering and cataloguing United States equipment in South Vietnam. In December, 1959, the Commission decided that TERM should complete its activities and leave the country by the end of December, 1960.[17] Shortly afterwards, the Americans made a further approach regarding an increase in MAAG. After some preliminary discussion, in which the Canadian views were restated, we were informed on February 23 that the United States Ambassador in Delhi had been instructed to approach the Indians immediately along the lines of the attached brief[18] which was given to us for our information. Almost simultaneously, the South Vietnamese presented a Note to the Chairman of the Commission in Saigon the text of which is shown in the attached Telegram No. 44 of February 24 from Saigon.†

3. In their latest analysis of the situation, the Americans have laid considerable stress on the practical problems facing the South Vietnamese Government. Reference is made to the marked increase in North Vietnam fighting capability since the Cease Fire, a conclusion with which our intelligence authorities are in general agreement. Particular emphasis has been placed on the deterioration in the internal security situation in South Vietnam following recent raids in strength by guerrilla forces, and the need for specialized training facilities for the South Vietnamese Army to allow them to combat the successful guerrilla tactics of subversive elements in the country. We have never doubted that the Americans and South Vietnamese had a strong practical case for increasing MAAG personnel to a number approximating the number of military instructors present in South Vietnam at the time of the Cease Fire. U.K. authorities hold similar views. There existed, however, the very real possibility that if the Commission found the South Vietnamese in violation of the Cease Fire Agreement, the latter would demand the Commission's withdrawal. On the other hand the Indians might have decided that it was no longer possible for them to continue to carry out their responsibilities for supervision and control in the face of an open violation of the military clauses of the Agreement. Our main objective has therefore been to ensure that the increase in MAAG, which the South Vietnamese and United States Governments were determined to bring about, was handled in a manner least likely to jeopardize the future of the Commission and of the Geneva Settlement.

4. In the event, our worst fears have not been justified. The attached Telegram No. 85 of February 27 from our High Commissioner in Delhi† describes a conversation with Commonwealth Secretary Desai which indicates that the Indians will in all likelihood go along with the South Vietnamese proposal to bring in additional MAAG personnel to the number of 685. This would open the way to an Indian-Canadian majority ruling favourable to the South Vietnamese rather than an Indian-Polish denunciation of their action. Desai, who has the main responsibility in the Indian Government for policy decisions regarding the Indochina Commissions, apparently believes that an increase in MAAG will not contravene Article 16 of the Cease Fire Agreement and that the bringing in of personnel to replace French instructors would not constitute aggressive policy under Article 19 which prohibits of the Agreement. It seems probable that the Indians' decision not to take a too legalistic approach to the South Vietnamese proposal results at least in part from their realization, of which we have had a number of indications lately, that the South Vietnamese Government is currently faced with serious internal security problems. North Vietnamese and Chinese reaction to an increase in American military instructors will undoubtedly be sharp and vocal. The Indians, in making their decision not to try to block the South Vietnamese, have certainly taken this reaction into account, since they have always given careful consideration to the way in which their actions in the Commission will be interpreted by either side. They have no doubt borne in mind the

[17] Voir/See Volume 26, document 440.
[18] Non reproduit./Not reproduced.

fact that the North Vietnamese, in contrast to the South Vietnamese, have a vested interest in the continued existence of the International Commission which, if it collapsed and carried the Cease Fire Agreement with it, would seriously jeopardize any hopes they may still hold for the re-unification of Vietnam on their own terms.

5. We are not yet, of course, fully aware of the line which the Indians propose to take in the Commission although every indications is that they will not treat the proposed increase in MAAG as a contravention of the Geneva Agreement. I should be glad to know whether you agree that we should now co-ordinate our efforts with the Indians in order to achieve a liberal Commission approach to the South Vietnamese decision.[19]

N.A. R[OBERTSON]

547. DEA/50052-A-2-40

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM 97 New Delhi, March 7, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: Our Tel 96 Mar 5.†

Repeat Saigon, London, Washington from Ottawa (OpImmediate) (Information).

VIETNAM

My reason for favouring consideration of and decision on an increase in MAAG before dealing with the problems of subversion in South Vietnam and misuse of 14(c) by the Vietminh is that I do not repeat not agree that Desai's attitude on an increase in MAAG is due to any new Indian spirit of "accommodation." Desai's attitude is probably more in line with the position he has always assumed, namely that India should act as an impartial judge between the conflicting demands of South Vietnam and North Vietnam and those of their respective advocates, the Canadians and the Poles. Also I do not repeat not accept the recent appraisals made here by some diplomats who seem to take it for granted that the Indians are now moving away from their basic position of non-alignment between the East and West. (On this my assessment remains as given in my despatch 47 January 13.)† These diplomats appear to take the line that Nehru's "eyes have finally been opened" and that he is changing his former attitude to one of greater "accommodation," even to the extent of now accepting SEATO. Nehru is, I believe, in agreement with Mr. Desai regarding Indochina and Desai is certainly still very definitely opposed to SEATO. Nehru has not repeat not moved away from his attitude of opposition to all military pacts in general and to SEATO and CENTO in particular. To assume that there has been any significant change in India's non-alignment attitude is still unrealistic in my opinion. I draw attention to this because I have some reason to believe that various reports from diplomatic sources here assume that Nehru is moving in the direction of approving the activities of SEATO. As stated I consider this assessment fallacious.

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[19] Note marginale :/Marginal note:
OK. H.C. G[reen] 9/3.
Voir/See *Foreign Relations of the United States, 1958-1960, Vol. I* (Washington: United States Government Printing Office, 1986), document 118.

2. I do not repeat not dispute, on the other hand, the desirability of trying to persuade the Indians that Commission should take some specific action regarding South Vietnam subversion charges and North Vietnam misuse of 14(c). Our Commissioner in Saigon is in a better position than I am to advise you whether Commission channels can no repeat no longer be usefully resorted to for that purpose and, therefore, as to whether an approach to Indians in Delhi has become necessary. However, concerning the question of timing, I must repeat that I do not repeat not regard Desai's reaction towards an increase in MAAG as reflecting any significant change in the Indian Government Indochina policy.

[C.A.] RONNING

548. DEA/50052-A-6-40

Le haut-commissariat du Royaume-Uni
au chef de la Direction de l'Extrême-Orient

High Commission of United Kingdom
to Head, Far Eastern Division

CONFIDENTIAL Ottawa, March 7, 1960

Dear Ralph [Collins],

You will remember that we spoke recently about the question of the competence of the International Commission in relation to subversion in South Vietnam.

Instructions were sent from London on 3rd March to our High Commissioner in Delhi to raise with Mr. Desai the question of the Commission's attitude on this subject at the same time as he informed Mr. Desai of our proposals for economies in the Commission (I am sending you separately copies of some telegrams on the latter subject). Our High Commissioner was instructed to say that we are concerned at the recent increase in terrorist attacks by Vietcong insurgents in South Vietnam, to speak on the lines of paragraph 2 and the first sentence of paragraph 3 of Fryer's letter to me of 29th February and to ask Mr. Desai whether he thinks it would be possible for the Indian Commissioner in Saigon to push a decision through the Commission to ensure that South Vietnamese complaints of subversion are properly examined. He was also authorised to say that we think that this would be a very useful job for those teams which are retained in South Vietnam to undertake.

Our High Commissioner was also instructed to say that it might at first sight be thought illogical that we are suggesting substantial reductions in the International Commission and at the same time suggesting that the Commission should start actively to deal with subversion. However, unless the expenses of the Commission can be reduced at once there is a certainty that French contributions will be withheld and that the whole Commission structure will break up. The problem is to find the right level for a reasonable standard of efficient operation and we hope that our new package deal will provide this.

Yours sincerely,

PETER BLAKER

549. DEA/50052-A-40

Le commissaire de la Commission internationale de surveillance et de contrôle pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Commission for Supervision and Control for Vietnam, to Secretary of State for External Affairs

TELEGRAM 60 Saigon, March 10, 1960

CONFIDENTIAL. PRIORITY.

Reference: My Tel 59 Mar 10.†

Repeat Delhi, London, Washington from Ottawa (Information).

VIETNAM-MAAG

You will recall that in paragraph 10 of my letter 249 July 4[20] I drew your attention to the fact that in my statement during the debate on the status of MAAG I had thought it essential to give the Indians some scope for [compromise] in any future crisis. My statement was phrased with extreme care so as not repeat not to commit us to anything beyond the existing ceiling. I subsequently set forth my personal views at your request in letter 406 November 4. I have at no repeat no time mentioned these views in the Commission or to Ansari. Neither in London nor repeat nor in Ottawa has there been to my knowledge at least any serious attempt to demonstrate that they are not repeat not sound.

2. In 1956 the Canadian Government was concerned with the political objective of containing the USA military experts as there was a danger that if USA aid was too massive it would provoke the North Vietnamese and possibly also the Chinese, and upset a delicate balance of peace that had been established in Indochina. In addition, there was currently a powerful political setback to the Communists who expected to take over the whole country in elections which the South refused to hold. In these circumstances it was natural to support the Canadian political objective on the basis of a legal argument. I think it most probable that the Legal Division recognize the validity of points (a) to (e) inclusive of my Letter 406 with a single possible exception hereinafter mentioned. They could hardly have done otherwise since the South Vietnamese, who were present at Geneva, issued a declaration of their refusal to accept the Geneva Agreements and this was repeated by President Diem on July 16, 1955, August 19, 1955 and again on the eve of the withdrawal of the French expeditionary corps on April 6, 1956.

3. The point on which there may have been some disagreement with my view, assuming that, in the face of these declarations, there could be no repeat no automatic succession, was that such acceptance of the obligations of the Geneva Agreement as there may have been in consequence of President Diem's declaration and by presumption from subsequent conduct of the South Vietnamese, would be in relation to the situation as it existed in 1956 rather than in 1954. I continue to hold the view already expressed in this regard. However, I wish to direct your attention to the implications of acceptance [of] my presumption from conduct in a more general way.

4. Surely it is clear that no repeat no legal experts surveying the situation as it existed in 1956 could have found an existing, repeat existing, obligation of the South Vietnamese, save strictly

[20] Voir/See Volume 26, document 436.

in accordance with the declaration of President Diem. Surely also they must have advised the Canadian Government, and other Governments concerned must have been similarly advised, that if a policy were to be pursued of assimilating the position of the South Vietnamese as far as possible to that of the French Union, that the former obligations would be increased by presumption of acceptance by subsequent conduct repeat conduct, with the result that that which was not repeat not yet a legal obligation would become a legal obligation.

5. I suggest therefore that what has happened during the past four years is that the Canadian and Indian Governments seeing more or less eye to eye on this problem, have pursued a common policy by trying to persuade the South Vietnamese at every opportunity to fulfil the obligations of the Geneva Agreement. Referring to the specific case of MAAG, the Poles of course have been opposed to its very existence and equally adamant against any increase in its strength. Canadian policy, and probably Indian policy also, has been repeat been to assert the MAAG ceiling, so to speak, not repeat not with any conviction that a legal ceiling was already binding on the South Vietnamese, but simply in pursuit of the political objective of trying to contain the South Vietnamese within the limit of the obligations of the French Union.

6. This being the case, there is an open question as to when an obligation to the South Vietnamese arose by reason of their acceptance based upon presumption from subsequent conduct. In the absence of any decision of an international court, this must remain basically a question of opinion. The significance of Desai's statement as reported by Ronning in his Telegram 85 February 27† is that Desai was taking a flexible view of the obligations of the South Vietnamese.

7. It is important to our consideration of this whole problem that there be a clear distinction drawn between the legal obligation on the one hand and the political objective of creating such an obligation on the other. If this basic distinction is appreciated, the problem on securing agreement with the Indians on a "common sense approach" might be more easily resolved.

8. There was a passing reference in London's Telegram 544† to such a "common sense approach" but the telegram which reflected your (group corrupt) in this regard does not repeat not appear to have been referred to Saigon.

9. I will press the subversion and Law Ten issues to a conclusion in the Commission if possible before my departure and will not repeat not require any representations in Delhi in this regard. I therefore agree with Ronning that the latter should be directed primarily to the MAAG issue.

[J.P.] ERICHSEN-BROWN

550. DEA/50052-A-40

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM 109 New Delhi, March 11, 1960
CONFIDENTIAL. OPIMMEDIATE.
Reference: My Tel 101 Mar 8.†
Repeat London, Washington from Ottawa, Saigon (Information).

VIETNAM MAAG AND SUBVERSION

I saw Desai yesterday and asked him what procedure he envisaged the Commission would follow in dealing with the proposed increase in MAAG. Desai replied that he thought the Commission could simply acknowledge the South Vietnam note and advise the South Vietnam Government that the increase in MAAG, in order to be consistent with the Cease Fire Agreement should be carried out in conformity with the provisions of Article 16 concerning the notification to and control by the Commission of entry. I then asked Desai whether the Indian Chairman would take the initiative in proposing such a course of action in the Commission. Desai replied that it would be wiser if Canadian Commissioner took the initiative. The Poles he said would of course oppose but Ansari would rule that the procedure suggested conforms to the Cease Fire Agreement. Desai did not repeat not appear worried about legal justification for the Indian position as he apparently accepts without reservation the argument that additional MAAG personnel could legally enter South Vietnam in replacement of French advisors. In contrast to the impression Ansari gave our Commissioner in Saigon, Desai said that Ansari would definitely not repeat not be recalled to Delhi before the MAAG problem has been dealt with in the Commission Ansari would stay in Saigon for another three months.

2. I then told Desai that we were increasingly worried at the security situation in South Vietnam and the South Vietnam charges of subversion against the North, Desai said it was desirable to have the Commission take action on such charges. However he added that nothing could be done by the Commission so long as the South Vietnam Government would not repeat not agree to an investigation of its charges by Commission teams. Desai thought that the South Vietnam Government would continue to oppose investigation of its charges by Commission teams because it would enable the Polish member on any of the teams to contact pro-communist and dissident elements in the South.

[C.A.] RONNING

551. DEA/50052-A-2-40

Le commissaire de la Commission internationale de surveillance et de contrôle pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Commission for Supervision and Control for Vietnam, to Secretary of State for External Affairs

TELEGRAM 69 Saigon, March 22, 1960

CONFIDENTIAL. PRIORITY

Reference: Washington Tel 730 Mar 18.†

Repeat London, Washington from Ottawa (Information).

VIETNAM SUBVERSION

I have considered for some time that there might be a change of attitude on the part of the South Vietnamese Government in relation to the investigation of subversion charges by Commission's mobile teams. However, I am not repeat not optimistic of the South Vietnames actually extending their cooperation to facilitate such investigations upon the only terms that the Commission is likely to prescribe.

2. The failure of the South to give any concurrence to mobile teams investigation of charges under Article 14(c) has been persistent for several years. There is a tremendous backlog of refusal on the part of the South. The Indians would probably secede to Polish demands that corresponding PAVN charges be investigated at the same time.

3. The South's general line in reply to charges based on the alleged "clean-up of former resistance workers" campaign, has been to deny the charges generally, to assert they are beyond the Commission's competence, and to remind the Commission of its own charges of subversive activity. The Indian policy has hitherto been to try to keep the PAVN and SVM charges separated. However, I have suggested that extraordinary measures were being adopted by the SVM (the employment of military force makes this obvious) to cope with an extraordinary situation created by the systematic assassination of normal law enforcement officials, not repeat not to connect them.

4. We could of course demand at a later stage, after the Legal Committee has reported, that the South's charges be investigated independently. The Indians, if confronted with such a demand, after repeat after some favourable report has emerged from the Legal Committee, would almost certainly reverse their stand and demand investigation of charges of both sides at the same time.

5. What is more serious is that there is a mounting campaign to outlaw the Communist Party. If this bears fruit there will be a strong reaction, and the progress of the past year will be lost. The most useful thing the USA could do would be to impress on the South Vietnamese the desirability of their abandoning any such project, and concentrating on the acts of violence normally prescribed by criminal laws, building up an atmosphere of impartial and fair administration of Law 10/59 by adequate instruction to the military tribunals and the press. (The word instruction is not repeat not inappropriate in this part of the world.)

6. Strong USA representations in the sense of the foregoing would be highly desirable.

[J.P.] ERICHSEN-BROWN

552. DEA/50052-A-2-40

Le commissaire de la Commission internationale de surveillance et de contrôle pour le Vietnam au sous-secrétaire d'État aux Affaires extérieures

Commissioner, International Commission for Supervision and Control for Vietnam, to Under-Secretary of State for External Affairs

LETTER NO. 93 Saigon, April 9, 1960

CONFIDENTIAL

Reference: My letter No. 90 of April 6† and telegram No. 81 of March 31.†

FAREWELL VISIT TO HANOI

Between March 31 and April 5 I paid my farewell calls in Hanoi. The time was limited to 4½ days, which included Sunday, and I had a full schedule.

2. I learned from the two Lt. Colonels who are running the Liaison Mission in the absence, on account of illness, of Col. Ha Van Lau, that General Giap was away from Hanoi on a vacation. From other sources I learned that he had not been seen for approximately 2 weeks. From one Vietnamese source I gathered that he was somewhere north-west of Hanoi and from another that he was visiting his birthplace near the DZ. My conclusion is that there was a desire to avoid giving any information as to his whereabouts. My host at the dinner given in my honour by the PAVN was Mr. Nguyen-van-Vinh, Deputy Minister of National Defence. On the eve of my departure I received a gift of a Vietnamese cigarette box which arrived with a card from General Giap and when I enquired if he had now returned, it was explained that he knew he would be absent and had instructed that the gift be sent to me before his departure. (This may have been true but I doubt it). One rumour that has been current in Hanoi is that there has been some dissatisfaction in the army over their subjection to political indoctrination. Last November I had been told that General Hoang-Van-Thai, a member of the Politburo, who had been promoted to a four-star General, was considered to have achieved a rank equal to Giap. The liaison officers assured me that Giap was, in fact, senior to Hoang-Van-Thai.

3. A Canadian team officer who had arrived in Hanoi before me, destined for Vinh, was held up for more than a week when three successive flights of the courier plane were cancelled "on account of the weather." Subsequent reports from Vinh indicated that this also may have been true, but there remains a possibility of some other explanation, including an unwillingness to have us over-fly the Vinh-Hanoi area. (See my letter No. 68 of March 12).† The streets of Hanoi seemed to be full of the usual number of soldiers. There were no current rumours of any troop movements, and the general atmosphere of Hanoi was tranquil and calm.

4. I had an inconsequential talk with the Deputy Chairman (in the absence of the Chairman) of the Hanoi Administrative Committee. I also called on Mr. Ung-van-Khiem, Vice Foreign Minister, and Mr. Pham-van-Dong, Prime Minister and Foreign Minister. No other calls on any other ministers were arranged. A proposed call on President Ho Chi Minh was first stalled and ultimately refused. It was first indicated to Mr. Grondin that a call on Ho Chi Minh might be arranged for Sunday, March 31, but nothing happened, and the explanation given by the Liaison Mission to Mr. Grondin on April 4 was that he was "very busy." You will perhaps remember that I called upon Ho Chi Minh on my first visit to Hanoi in November, 1958. It is, I think, clear that I was given "minimum treatment."

5. Although both the Vietnamese and ourselves were, I think, relieved when the incident of the seizure of our diplomatic bags was solved (with some loss of face on the part of the

Vietnamese and enhancement of our own prestige for sticking, with strong Indian support, to a question of principle), nevertheless the current dissatisfaction with the Canadian Delegation is real, as is apparent from the pressure tactics resorted to by the Poles to avoid a decision on Law 10 prior to the cut-off date for our Xth Report, and from the further diplomatic pressure put on the Indians by the DRVN when they learned that mention of the question of subversion in South Vietnam was finally to be made in a Commission report.

6. You will recall that when I called on Pham Van Dong on December 3 (my letter 444 of December 15, 1959)[21] our conversation involved what I described as a considerable trading of verbal punches. On the occasion of my final departure, I thought it desirable to be as amicable as possible and neither he nor I raised contentious questions. He terminated the interview at the end of a half-hour in what I again thought was a studied decision to accord "minimum treatment."

7. On the other hand, when I arrived late for the Hungarian reception on April 4 (following Grondin's farewell reception for me) Pham Van Dong was particularly courteous and insisted in my joining himself and all the communist Ambassadors at a separate table. I was subjected to the usual round of vodka and sweet wine and toasts, all of which were, I thought, designedly innocuous (the toasts I mean!). When proposing a toast to the Commission Mr. Sokolov, the Soviet Ambassador, made some remarks which drew laughter from his colleagues, the gist of which were that the Commission was a worthy body but was ineffective.

8. While my discussions with the North Vietnamese were generally amicable, I did take the opportunity of my call on Ung-van-Khiem, the Deputy Foreign Minister (who according to Mr. Chambon is pro-Chinese — Pham-van-Dong is pro-Soviet) to express my concern over the outbreak of guerrilla activity in South Vietnam. He endeavoured to brush my remarks aside as if I were referring to the clean-up operations against "former resistance workers" by the South Vietnamese government, but I made a categorical and clear statement that the assassinations to which I referred were those directed against South Vietnamese government officials which were considered by the latter to have been directed by the DRVN. I did not, of course, obtain any admission that this was the case and drew the usual line that there is repression of former resistance workers. I also raised the question of equivalent treatment by the Commission in North Vietnam of its requests for reconnaissance of airfields, making the point that if they expected greater co-operation with the Commission from the South, and had nothing to hide, it would be all to their advantage to co-operate with the Commission in having reconnaissances made of the Northern airfields.

9. As regards the diplomatic corps, its most stimulating member is undoubtedly Mr. Chambon, Chief of the French Delegation. His views have been already recounted by Mr. Grondin, whose memorandum referred to in my telegram No. 81 of March 31† is going forward by to-day's bag. He expounded to me his theory that the future of the East-West conflict would be settled in Asia and not in Africa. North Vietnam he regards as an "excrescence" of Chinese communism and said that when a puppet new state has internal difficulties, it may be provoked by its more powerful neighbour to expansionist solutions. Fortunately, the majority of the DRVN leaders at present are influenced more by USSR than by China. Mr. Chambon claims that these leaders are those with European experience. He also thinks that the Soviet Union is viewing with some apprehension the situation in South-East Asia and suggested to me that Russian influence was, in fact, against the resumption of terrorist activities.

10. I received some slight corroboration of this during my call on Mr. Sokolov, the Soviet Ambassador. He asked my impression of the affairs of the Commission. I told him that it was

[21] Voir/See Volume 26, document 438.

inevitable the situation outside of the Commission should be mirrored to some extent within the Commission. I observed that we had had more difficulty than last year in agreeing on the text of the Interim Report; that the situation had to some extent been "hotting up;" and that we were concerned with the resumption of terrorist activity. The significance of Sokolov's reply was, I thought, that he accepted my statement as reasonable and factual and did not attempt to give me any communist line on the situation in South Vietnam. Any confirmation, therefore, of Soviet dissatisfaction with the situation is rather nebulous.

11. In my telegram of March 31 I mentioned the likelihood of reports having been made to Paris by Mr. Chambon concerning possible tactics at the forthcoming Summit meeting. Time and reports on Khrushchev's visit to Paris may have overtaken Chambon's thesis. Thus, when I asked the Soviet Ambassador whether he expected Far Eastern questions to be discussed at the Summit, he replied they were not on the agenda for the Summit; that there was no agenda; and that in his view it was unlikely that Far Eastern questions would be discussed. He suggested there were more important questions and mentioned disarmament and Germany.

12. My call on Dr. Voltr, the Czechoslovak Ambassador, was as usual agreeable. He speaks fluent French and English and is one of the most Western oriented of the communist corps. His most interesting remark was that the relationship between North Vietnam and China was similar to that which existed prior to the last war between Czechoslovakia and Germany. On the same theme, there was recounted to me by Mr. Grondin, a comment of a Hungarian doctor about the "frightening sense of power in China." This doctor told Grondin that Eastern Europeans were rather afraid of this.

13. The Eastern Europeans have their troubles in meeting the demands of the North Vietnamese. The new five-year plan is considered to have been prepared in close consultation with Moscow. Mr. Chambon thought there was friction between the foreign technicians and the Vietnamese and quoted Dr. Voltr as authority for the statement that the Soviet Union had had to reject many of the Vietnamese propositions as being "too grandiose ideas."

14. I found considerable interest in the time of Ansari's departure. I was asked at least four times by Vietnamese and communist diplomats when he would leave. It is clear, I think, that his firmness on many of the important issues before the Commission during the past year has been in marked contrast to that of some of his predecessors and I believe that the communist states generally look forward to Ansari's departure.

15. I might, in conclusion, quote the single remark made to me by Pham-van-Dong in the course of our interview above-mentioned, which was of any particular significance. This was that the solution of the problems of Asia depended on co-operation with the white races.

[J.P.] ERICHSEN-BROWN

P.S. The cancelled reception in honour of the Soviet-French Friendship week referred to in para 5 of my telegram 81 did, in fact, take place a week later. All the Eastern European states were prominently represented but no Chinese were present. Mr. Chambon informed me the Chinese Ambassador had stated they had a "prior engagement."

553. DEA/50052-A-2-40

Le commissaire de la Commission internationale de surveillance et de contrôle pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Commission for Supervision and Control for Vietnam, to Secretary of State for External Affairs

TELEGRAM 89 Saigon, April 14, 1960

CONFIDENTIAL. PRIORITY.

Reference: My Tel 86 Apr 8.†

Repeat Delhi, Washington, London from Ottawa (Information).

VIETNAM — MAAG

The Indians made a clear and carefully prepared statement upon resumption of debate today, in which they chided both the Poles and ourselves for having placed too much emphasis on political factors and asserted that the main issue was Article 16 and sought to demonstrate that the proposed increase was not repeat not contrary to this article. Although we had shown Indians advanced text of our statement on April 8 we did not repeat not see any advance copy of Indian document and, in fact, no repeat no idea what it would contain until it was read by Ansari.

2. Indians then tabled draft letter to South Vietnamese containing a single operative paragraph reading as follows: "The International Commission notes that "approaches" have been made by the Government of the Republic of Vietnam to the Government of the USA with a view to bringing the strength of the USA military instructors of the Assistance Advisory Group, from 342 (present figure) to 685. The Commission understands, however, that additional USA military instructors will not repeat not be introduced except in conformity with the procedures stipulated in Article 16(f) and (g) of the Geneva Agreement."

3. After I had accepted this draft the Poles delivered another statement, mostly prepared in advance following which they asked for an adjournment to consider the Indian statement. There ensued a long wrangle concerning the Polish request, in the course of which, both Ansari and I confirmed the adjournment could not repeat could not repeat not affect the decision of the Commission, but at most an opportunity to Poles to consider whether they wished to abstain or to vote in favour rather than dissent in view of the opinion of the majority. Since it was evident that the Poles were bent on dissenting in any event it was clear that the real purpose of the request for adjournment was to try by some means to get the Indians to reverse their [decision?].

4. It is possible, therefore, that Katz-Suchy will again go into action in Delhi between now and resumption of debate on April 9. Ansari has stipulated that final decision will be taken on April 19 and I have stated that I will not repeat not agree to any postponement of that meeting.

5. I took strong position opposing adjournment but it was very difficult for Ansari not repeat not to go along with some adjournment in view of the way in which the Poles were taken by surprise by the Indian statement. I have given no repeat no indication of co-operation between ourselves and Indians and cautioned advisers in this connection. However, Poles are no repeat no doubt suspicious, and Ansari may very well come in for criticism in Delhi if Poles report to tactics above-mentioned. I consider Ansari has been firm, courteous and reasonable, and have nothing but praise for the way in which he has handled a matter which cannot have been other than embarrassing to the Indians.

[J.P.] ERICHSEN-BROWN

554. DEA/50052-A-2-40

Le commissaire de la Commission internationale de surveillance et de contrôle pour le Vietnam au sous-secrétaire d'État aux Affaires extérieures

Commissioner, International Commission for Supervision and Control for Vietnam, to Under-Secretary of State for External Affairs

LETTER NO. 106 Saigon, April 23, 1960

CONFIDENTIAL

Reference: My telegram No. 69 of March 22.

SUBVERSIVE ACTIVITY IN SOUTH VIETNAM

You will recall that in my telegram under reference I mentioned the possibility of action being taken to outlaw the communist party and suggested this would impede further progress in the Commission in dealing with subversive activity. In a brief chat with Mr. Durbrow, the U.S. Ambassador, at a reception about two weeks ago, he surprised me by asserting rather vehemently that the communists should be outlawed. Last Sunday, April 17, when I called on him to inform him of a development in connection with MAAG (see my letter No. 105 of today's date)† I outlined the reasons for my concern and he appeared much more appreciative of the Commission's position and the lack of real advantage in any such South Vietnamese action.

2. In the meantime, I have been paying a number of farewell calls on high ranking Vietnamese, all of whom are greatly interested in the subversion problem and invariably expect me to comment on the Commission's activity. The general line which I have followed has been as follows:

(a) The South's charges of subversion in the past have failed because they have been too broad. The Commission could not accept a definition of the guarantee of democratic liberties in Article 14(c) which would outlaw the communist party or prevent peaceful political activity;

(b) During the past year, by taking the line that the guarantee of democratic liberties to individuals could not impinge upon the democratic liberties of society as a whole, which are normally protected under criminal laws, I have secured more co-operation from the Indians;

(c) This process was facilitated by Law 10 which contains no references to communists, former resistance workers, and subversion and is equally applicable to all persons who may commit crimes therein mentioned;

(d) Further progress is to be expected if there is a fair and impartial administration by the military tribunals of this Law, with continuing effort to convince the public that the administration of the law is, in fact, fair and just;

(e) That the situation of the Commission would be made more difficult if the communist party were outlawed because the distinction between subversive activity in the broad sense and criminal activity would be obliterated.

3. From the President of the National Assembly I received confirmation of a press report that a bill to outlaw the communist party is, in fact, before the Assembly and is currently being studied by one of its committees. From the Minister of Agriculture I learned that the Vietnamese Government has been studying a law in West Germany which is considered to be a possible useful precedent.

4. The West German Ambassador, on whom I had called earlier, had not mentioned this law, although we had had a brief exchange on the general question of subversive activity. The West Germans have been active during recent months in improving their position in South Vietnam. A recent armed attack on a leper hospital run by Catholic clergy with theft of money and medicines has attracted considerable attention. Some of the medicines had been supplied by German Catholics and the German Ambassador was the first to offer 20,000 VN piastres toward a fund to assist the hospital. Further public donations followed. You will recall that the West Germans have been putting out information material in the Vietnamese language (see our Letter No. 26 of February 3).† The South Vietnamese are impressed with West German strength, in a situation which is similar — no doubt superficially — to their own.

5. The Vice-President, Mr. Nguyen Ngoc Tho, appeared concerned chiefly with the state of mind of the non-communist population of South Vietnam. The outlawing of the communist party in his view, would be important more from the point of view of its effect on the population than in relation to the control of communist activity. I suggested the motive of controlling distribution of propagandist literature might be exaggerated because of general illiteracy of most of the population. He did not consider that the argument based on illiteracy was valid as he considers that there is, in fact, considerable influence on the population through the press and other media in writing. He agreed readily that the communists were already underground, that their operations were clandestine, and that there was little advantage in pushing them "further underground" by making their mere presence illegal.

6. The Minister of Agriculture, Mr. Le van Dong, is perhaps in the best position to appreciate the force of communist activity as he must receive reports from the remoter areas throughout the country, where peasants are exposed to intimidation, forced to contribute rice to, and otherwise collaborate with, the Viet-Cong, and where they are also most dependent, and sometimes most embarrassed by the necessity of relying, on military support. Reviewing his experiences over several years, he said the communists came and went in waves; that it was like a rising tide — each time the wave went beyond the high point of the preceding wave. He has a charming wife and four small children, whom he has sent to France three weeks ago on a four-months' holiday. His house is guarded constantly by military police. He would undoubtedly be a principal target for assassination. He is one of the most intelligent members of the Vietnamese Government, and could be an important cog or even leader in any future re-organization of the South Vietnamese Government.

7. Mr. Le van Dong agreed that what was basically involved was a conflict of ideologies. Like the Vice-President, he considered the outlawing of the communist party more important for its possible effect on the population. He asked "if persuasion was necessarily better than prohibition in an under-developed country."

8. His thinking was clearly the same as the Vice President. In putting the accent on the effect on the rest of the population rather than on the communists themselves, both of them obviously had in mind the traditions of the Orient, forms of despotic government to which the people have become accustomed, and a certain subservience which accepts prohibitions as normal, to be disregarded at their own peril. Against this tradition must be set the counter propaganda

value to the communists of what might be represented as fear on the part of the government, or even as further evidence of its being subjected to US imperialism.

9. Mr. Tran chanh Thanh, the Minister of Information, thought it unlikely that the bill would become law. I urged on him the desirability of a just and fair administration of Law 10 and of press publicity, whose objective would be to build up an atmosphere of public confidence in the fact that the law was being fairly and justly administered. He thanked me for my observations and I left him with the impression that he agreed with these tactics and would support them.

10. My conversation with Mr. Vu Van Mau, Foreign Minister, covered a broader field. I received further confirmation that an important question of policy in relation to the control of communists is under consideration. He was particularly appreciative of our role during the past year in this and other contexts (MAAG, Colombo Plan, University of Dalat etc.)

11. Mr. Nguyen Dinh Thuan, Secretary of State to the Presidency, returned on April 21 from the United States and I spent an hour with him on April 22. As you know, the Liaison Mission is directly responsible to him and he is the Minister who generally briefs the President on Commission affairs. He is a very intelligent man. He completely appreciated the points above-mentioned (para 2). He also questioned me concerning my visit to Hanoi, whom I had seen and my general impressions etc. I recounted roughly the same facts as set forth in my letter No. 93 of April 9. Our interview terminated with his statement that he would arrange for me to call on the President before my departure.

12. In the meantime, the Minister of Information gave a dinner in my honour on April 23 at which I learned that he had spoken to the President concerning my comments on April 18 (para 9 above). I again received the impression that he was against the proposed law and that he had welcomed my observations which had served to reinforce his own views.

13. I called on the President on April 25 [sic]. I am sending a separate report[22] on other questions which arose during our interview. The President informed me that he did not think the bill in the Assembly would be accepted by it. He suggested that it was supported by minority groups. As you know, his own Party, the National Revolutionary Party, holds approximately 63% of the seats.

14. As a result of the foregoing, I am able to forecast that no immediate action will be taken to outlaw the communist party. I am pleased at this result. If such a bill had been enacted it could not but have inhibited the Indians from supporting any action in the Commission against subversive activity and Mr. Woodsworth would undoubtedly have found the going tough in the Commission. It will, of course, be difficult in any event. The Indians have not yet committed themselves on the principle that violent subversive activity of the Viet-Cong is contrary to Articles 1, 10 and 24 of the CFA.

15. I have informed Ansari of the line I have taken and also of the conclusion which I have reached. On April 25 the Commission formally adopted, in a Canadian-Indian majority vote, a decision, based on the report of the Legal Committee, that Law 10 did not attract any article of the CFA. During the debate Ansari made a comment which is of some significance. He said that "Article 14(c) was not intended to give the persons protected by it rights superior to those of the rest of the population."

16. Prior to this debate I had informed Ansari that I was thinking of putting on record a statement tying together Article 14(c), democratic liberties, subversion, Law 10 etc. and that in doing so I would suggest that the effect of the majority decision on Law 10 would be chiefly to place a new burden of proof upon the PAVN. Dr. Ansari urged me *not* to do this on the ground

[22] Non retrouvé./Not found.

that this would merely indicate to the PAVN how they should draft their future complaints concerning sentences under Law 10. It was clear to me that he shared my viewpoint concerning the effect of the decision.

17. I am leaving Vietnam with the conviction that the most solid contribution I have been able to make during my term as Canadian Commissioner has been in the field covered by this despatch. I have carried into these final interviews the experience gained during my 18 months in Vietnam, as well as the conviction that subversion activity is an important political factor in Vietnam.

[J.P.] ERICHSEN-BROWN

555. DEA/50052-A-6-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1738 London, June 8, 1960

CONFIDENTIAL. OPIMMEDIATE. PRIORITY.

Repeat Delhi (OpImmediate), Washington, Saigon (Priority) from Delhi (Information).

VIETNAM SUBVERSION

Butler of Foreign Office told us today that a letter would be going to British Embassy in Saigon, probably by the beginning of next week, suggesting a new line on this subject. Foreign Office will send a copy of this letter to Earnscliffe. The letter suggests that if Stewart in Saigon agrees he should discuss it with Woodsworth and that Blaker should discuss it with you. If you approve of the new line, Foreign Office would then propose, subject to views of UK High Commission in Delhi, that either UK or Canadians should suggest it to Indians. Since Woodsworth is now in Delhi for discussion with Ronning, Butler gave us a copy of his draft letter to Stewart so that you and Delhi could be informed of UK proposal immediately.

2. Butler's letter suggests that the present Canadian line may not repeat not be the best one since the Commission is certain to get "bogged down" if it begins by investigating the detailed complaints made by South Vietnamese because they will refuse to allow a North Vietnamese Liaison Officer to be present or because the Commission will insist on investigating North Vietnamese complaints under Article 14(c), if it is also to investigate subversion, and South Vietnamese will refuse. Even if investigations proceed, South Vietnamese might well fail to produce sufficient evidence. It might be better, therefore, for Canadians and Indians to have the Commission send a letter to North Vietnamese, making the following points: "The Commission has received a number of complaints from South Vietnamese alleging that North Vietnamese are encouraging and directing Viet Cong subversion in South Vietnam. There is no repeat no doubt that subversion is taking place and that attacks have been made by rebel troops on South Vietnamese government forces and that South Vietnamese government officials and pro-government personalities in the villages have been assassinated and kidnapped by bands of rebels. Equally, there is no repeat no doubt, in the Commission's view, that it would be contrary to Articles 1, 10 and 24 of the Cease-Fire Agreement if North Vietnamese were in any way connected with activities of this kind. The Commission have not repeat not yet made any detailed investigations. They wish, however, to draw South Vietnamese complaints to the attention of North Vietnamese and to request the latter to make it clear publicly that they have nothing whatever to do with Viet Cong subversion in South

Vietnam, that they would regard any such activity on their part as a breach of the Cease-Fire Agreement and that, whatever their views about South Vietnamese régime, they have no repeat no intention whatever of giving assistance to anyone who is trying to overturn it by force." Although Poles would find it hard to argue against such a letter, they would doubtless do so but the Commission could presumably despatch the letter with Poles dissenting.

3. Butler's argument runs that such a letter should put North Vietnamese in an awkward position while giving South Vietnamese some satisfaction. If North Vietnamese did not repeat not reply they could be "needled" and South Vietnamese could score propaganda points out of Northern silence. North Vietnamese could hardly reply that they were assisting Viet Cong. If they denied connection with Viet Cong, North Vietnamese would thereafter have to exercise greater care with their propaganda and to avoid detection which might even have some dampening effect on the insurgency.

4. Butler concludes his letter by pointing out that the sending of a letter on the lines proposed would help to bring home to South Vietnamese that they have to show, not repeat not only that there is an insurgency, but also that there is a link between Hanoi and Viet Cong. It would have to be made clear to Vietnamese that they must obtain some really good evidence of this link. Otherwise the Commission could not repeat not possibly condemn North Vietnamese.

5. Butler is adding a PS to his letter to Earnscliffe saying that we are sending the gist of it by cable to you and Delhi.

556. DEA/50052-A-6-40

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM 316 New Delhi, June 10, 1960

CONFIDENTIAL. OPIMMEDIATE.

Repeat London, Washington from Ottawa, Saigon (Information).

VIETNAM

Following from Woodsworth:

On June 8 Ronning and I discussed South Vietnam subversion issue with Desai. MacDonald absent from Delhi but UK High Commission informed us they have not repeat not spoken to Desai on subject recently.

2. Desai held real stumbling block is unwillingness of South to provide specific details and proofs and permit Northern Laos accompany investigating teams; that failing this cooperation any attempt to define subversion would only in effect condone South's attitude that their measures to counteract subversion are an internal matter beyond competence of Commission to investigate. Desai observed "they can't have their cake and eat it too." In Desai's view determined investigation of some cases, whether proof of Northern link was produced or not repeat no would serve as a deterrent.

3. Desai considered no repeat no purpose would be served in proposed finding that "subversion" within competence of International Commission. Without interjecting a terminology capable of many definitions he considered it better to rely on clear-cut wording of pertinent articles of Geneva Agreements (one, ten and particularly 24) which already give Commission competence. We got impression Desai willing to have Commission adopt policy statement regarding Commission's competence along these lines. Desai made it clear however

that in view of concessions to South of arms replacement and MAAG increase he would not repeat not accept any policy statement specifically mentioning "subversion" as this would inevitably be interpreted as favouring the South.

4. We have drafted policy statement which avoids word "subversion" and which we hope Indians might accept. We feel this statement should be discussed first with Ansari to assure his cooperation and avoid suspicion we have gone over his head with Desai.

5. May we have your reaction regarding following draft which, for above reasons, has not repeat not been discussed with Desai. Draft begins:

Policy Statement Regarding Acts Detrimental to Peace and Security in North and South Vietnam

I. The International Commission has been receiving an increasing number of complaints from the governments of North and South Vietnam alleging responsibility for acts of a nature which are calculated to disturb the peace and security of residents of either territory and which are alleged to be in violation of the terms of the Geneva Agreements.

II. The International Commission indeed considers it a primary duty to investigate such complaints in order to ascertain whether or not repeat not the acts in question have been fomented by one party against the other, in violation of the Geneva Agreements. End Draft.

6. Regarding your telegram Y-121 June 9† Ronning, his officers and I are unimpressed by Butler's "new line" outlined in London telegram 1738 June 8 for following reasons:

(a) Indians will not repeat not accept proposed letter to North based on unsubstantiated accusations by the South.

(b) Letter would be an invitation to the North to deny complicity in subversion in the South and play into communist hands by encouraging them to make a public statement reiterating their own propaganda.

557. DEA/50052-A-6-40

Le secrétaire d'État aux Affaires extérieures
au commissaire de la Commission internationale de surveillance
et de contrôle pour le Vietnam

Secretary of State for External Affairs
to Commissioner, International Commission for Supervision
and Control for Vietnam

TELEGRAM Y-125 Ottawa, June 15, 1960

CONFIDENTIAL. OPIMMEDIATE. PRIORITY.

Reference: Delhi Tel 316 Jun 10.

Repeat Delhi, London (OpImmediate), Washington, Paris, Permis New York (Priority) (Information).

VIETNAM SUBVERSION

Since one of our objectives is to secure a decision in principle on the competence of the Commission to deal with complaints of acts alleged to violate Articles 1, 10 and 24 of the CFA, we welcome Desai's statement that these articles do give such competence, and his indication that a policy statement might be adopted if it avoided the ambiguities associated with the term "subversion."

2. We agree with you that letter to North Vietnamese alone along lines suggested by Butler is unlikely to be acceptable to Indians and could be less inhibiting to DRVN than communication in general terms addressed to both parties.

3. Your hope that policy statement along lines indicated in paragraph 5 your reference telegram might be acceptable to Indians is encouraging. While we certainly do not repeat not disagree with Desai's view that determined investigation of some cases is desirable, we think that in view of South's probable reluctance to permit investigation on terms acceptable to Commission it would be advisable to substitute for "competence ... to investigate" some more general phrase such as "competence ... to deal as appropriate." We have also in mind that it would be desirable to encourage South Vietnamese co-operation in supplying detailed evidence in connection with both subversion and 14(c) charges, and would not wish to discourage such co-operation by too much emphasis on "investigation" as such.

4. We have attempted a redraft of your proposed policy statement. Before authorizing you to discuss it with Ansari we would like to have comments from you and Ronning. In view of Butler's invitation to us to comment on his draft letter, we would also like to have UK comments before consulting Indians. You might wish to discuss suggestion confidentially with Stewart.

5. Redraft Begins:

I. The International Commission has been receiving an increasing number of complaints from the governments of North and South Vietnam alleging responsibility for acts calculated to disturb the peace and security of the area in violation of the terms of the Geneva Agreements.

II. The International Commission would remind both parties that it has the competence and the duty to deal as appropriate with such complaints in order to ascertain whether or not the acts in question, including murder, intimidation and sabotage, have been fomented by one party against the other in violation of the Geneva Agreements. Redraft Ends.

6. *For Delhi*: Grateful for your assessment of acceptability to Indians of redraft.

7. *For London*: Please discuss with Foreign Office and inform us of their reactions. Our present view is that it might be better for initiative with Indians to be taken by us first in Saigon and then in Delhi. We would however see no objection to general discussion of problem by UK with Indians if they consider this desirable.

558. DEA/50052-A-6-40

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM 331 New Delhi, June 16, 1960

CONFIDENTIAL. OPIMMEDIATE. PRIORITY.

Reference: Your Tel Y-125 Jun 15.

Repeat London, Washington (OpImmediate), Paris, Permis New York (Priority) from Ottawa, Saigon (OpImmediate) (Information).

VIETNAM SUBVERSION

Your redraft may be acceptable to the Indians and certainly should now be discussed with Ansari and Desai. Indians may however wish the wording of the statement to be directed in substance, as well as form, at both North and South Vietnam. They may insist, therefore, on

some reference to the Commission's competence "to investigate." In interview with Woodsworth and me Desai repeatedly referred to the South's refusal to permit investigation. To make clear that statement cannot be interpreted as being directed only against the North he may therefore insist upon inclusion of word "investigate."

2. During a courtesy call which Woodsworth and I made on the Polish Ambassador on June 9, Katz-Suchy referred in strong terms to the "violation of the Geneva Agreement" by the Commission in decisions on replacement of arms for South Vietnam and increase in MAAG. Katz-Suchy and USSR representatives here have undoubtedly protested to Desai in even stronger terms which may partly explain Desai's reluctance to accept any wording which may be interpreted as a rebuke to the North on subversion.

3. Unless you advise me to the contrary, I shall discuss your re-draft with Desai as soon as he returns from absence due to illness. It may be important to get a commitment before he gets Ansari's recommendation.

4. (Canadian Eyes Only) I fully agree with second sentence, paragraph 7, your telegram. I have been of the opinion for some time that it is useless and sometimes self-defeating for the UK and the USA representatives here to exert diplomatic pressure on Desai regarding problems of the Indochina Commissions as I consider the assessment made during Malcolm MacDonald's absence by some UK officials here of an Indian "swing" towards the West to be incorrect (reference to paragraph 1 of my telegram 97 of March 7). Canadian influence unsupported by UK and USA pressure, I believe to be more effective in discussions with India on all questions coming under Commission's jurisdiction.

[C.A.] RONNING

559. DEA/50052-A-13-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], July 11, 1960

VIETNAM COMMISSION — UNITED STATES MILITARY ASSISTANCE ADVISORY GROUP (MAAG)

You will recall that early in 1960 the South Vietnamese announced their intention to ask the United States to increase their Military Assistance Advisory Group (MAAG) on the grounds that the South Vietnamese army required more intensive and specialized training in order to combat subversive activities allegedly being carried on by North Vietnamese agents. The Indians decided not to object to the proposed increase and by an Indian-Canadian majority decision the Commission simply acknowledged the South Vietnamese Note and pointed out that new MAAG personnel would be subject to the usual Commission controls.

2. Since that time, the North Vietnamese have been carrying on an intensive campaign against the idea of a MAAG increase both through their usual propaganda channels and by means of communications to the Commission and the Co-Chairmen of the Geneva Conference. The first three of these communications are summarized in the attached annex.† The culmination of these protests is a telegram of June 24 from the North Vietnamese Prime Minister, Pham Van Dong, to the Co-Chairmen protesting in the most vigorous terms we have yet seen against the majority decisions of the Commission concerning MAAG and Law 10/59. This telegram describes the Commission as having manifestly exceeded its rights and

prerogatives. The North Vietnamese solemnly reject the Commission's decisions and calls on the Co-Chairmen to issue instructions to the Commission to re-examine and abolish them.

3. Two years ago the Commission decided by an Indian-Canadian majority to allow credits to the South Vietnamese for the war material exported by the French when they left Vietnam. The North Vietnamese protested strongly against this decision and appealed to the Co-Chairmen to take what steps they considered necessary to ensure that this decision was not implemented. The Commission was notified of this appeal and informed the North Vietnamese that there was no provision in the Cease Fire Agreement for an appeal against a decision of this nature. The present situation is very similar to that which arose at the time of the war credits decision except that the wording of the latest North Vietnamese protest is considerably more belligerent in tone and more directly critical of the way in which the Commission has been exercising its responsibilities.

4. It was to be expected that the Commission's concurrence in the decision to increase MAAG would be particularly annoying to the North Vietnamese and to the Chinese and that there would be a strong reaction in some form or another for one or all of the following reasons:

(1) In the past few months the North Vietnamese have stepped up their subversive campaign in South Vietnam to a new high pitch. Part of their new propaganda attack is directed against the other recent Indian-Canadian majority decision that the South Vietnamese Law 10, which sets up military tribunals and special penalties to deal with subversive elements, is not in itself a contravention of the Cease Fire Agreement. The increase in MAAG training facilities is intended to give the South Vietnamese another weapon with which to combat subversion;

(2) any move which appears to represent a strengthening of the United States military position in the Indochina peninsula is bound to produce an adverse reaction from the Chinese which is being manifested not only in the North Vietnamese attack on the Commission's decisions but also in critical comment in Chinese publications;

(3) the decision to increase MAAG has coincided with a period in which China is exercising strong pressures on the Soviet Union to revise its policy of peaceful co-existence and to cut down on the areas of negotiation between the Communist bloc and the West. The effect of current Chinese policy may be reflected in the present North Vietnamese attitude to the Commission.

In the past, it has been the North Vietnamese Government who seemed anxious to maintain the International Commission not only for its value to them as a forum for propaganda, but for the strength that its presence lends to the position of North Vietnam as a sovereign country, and to the doctrine enshrined in the Geneva Agreement that North and South Vietnam should eventually be united. The current attack on the Commission may be only a temporary and carefully-timed propaganda blast aimed more at the United States position in Southeast Asia than at the Commission itself. There is the possibility on the other hand that the North Vietnamese, with prodding from their Chinese neighbours, are in the process of re-appraising the basic value of the Commission to themselves, and weighing this against its value as a protection for South Vietnam.

N.A. R[OBERTSON]

560. DEA/50052-A-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], August 9, 1960

REDUCTIONS IN STAFFS OF THE INTERNATIONAL SUPERVISORY COMMISSIONS IN VIETNAM AND CAMBODIA

Since 1956 Canada has insisted that the International Commission in Vietnam could perform its functions with a reduced staff and that in Cambodia the Commission no longer has a useful role to play. The question of reducing Commission activities in Vietnam was discussed with the Indian Government in 1957[23] and at that time it was possible to achieve reductions in the size of the signals system and of some of the fixed teams.

The United Kingdom and French Governments have, from time to time, reiterated their concern at the cost of the Commissions which they estimated to be excessive in proportion to the role they had to perform. Last year the French Government informed the British that with the expiry of its current credits it would no longer contribute toward Common Pool expenditures and also that it intended to cease paying local expenses in Vietnam. Subsequently the South Vietnam Government made it clear that it was not ready to assume these latter costs. Primarily because of the situation created by the threatened French withdrawal of their financial contribution the Co-Chairmen of the Geneva Conference on Indo-China, the United Kingdom and the Soviet Union have been discussing the possibilities of effecting substantial reductions in the personnel of these Commissions.

The Co-Chairmen have now concluded their discussions and letters have been sent to the French Government and the Government of the People's Republic of China and to the Chairmen of the Vietnam and Cambodian Commissions. The Co-Chairmen have made a number of recommendations with the aim of achieving possible economies in the expenses of the Commissions without reducing the effectiveness of their activities. With regard to the Vietnam Commission they have concluded that it should be possible to effect economies in the Commission's expenses of the order of 50% by reductions in the numbers of its staff. With that end in view they have recommended to the Commission that it should consider the possibility of: (a) making appropriate reductions in the personnel of the General Secretariat; (b) dissolving two fixed teams in South Vietnam and two fixed teams in North Vietnam; (c) making appropriate reductions in the staffs of the three delegations including the remaining fixed teams.

With regard to the Cambodian Commission they have recommended a reduction of 50% in its ancillary personnel (by which is meant non-political personnel). We have been consulted by the United Kingdom throughout their negotiations with the Soviet Union and in Cambodia we have already made some reductions in our Delegation through the withdrawal of two army signals personnel. It has been agreed with the Indians that the Military Advisers will be withdrawn and that officers from the Delegations in Saigon will be designated as absentee Military Advisers to the Phnom Penh Delegation. We are now considering what further reductions could be made in our Delegation in Cambodia.

[23] Voir/See Volume 23, documents 682, 684, 690.

The Commission in Vietnam has not yet considered the Co-Chairmen's recommendations and we do not know how the Indian Chairman will propose to handle the question. Undoubtedly, however, our delegation will be drawn into discussions as to how economies can best be effected. The Co-Chairmen's suggestion that these proposed economies should not interfere with the effectiveness of the Commission's activities will necessitate a general re-examination of the Commission's procedures and of the role of the fixed teams. It is also possible that pressures will develop to reduce local costs by cutting down on the living standards and the amenities which are important to the morale of members of our Delegation and some of which our Commissioners have, in the past, worked hard to achieve and maintain. It would seem therefore that the task of our Delegation in the coming months should be to ensure on the one hand that economies are not such as to reduce the Commission to an obviously impotent mechanism and on the other that the welfare of Canadian personnel is not lost sight of in the general anxiety to effect economies.

The recommendations of the Co-Chairmen, if carried out, will undoubtedly lead to substantial economies in the cost of operating the Commission; the extent of which will be more apparent, we would think with regard to the charges against the Common Pool than to the costs to the three participating countries. However, we will undoubtedly be able to reduce the size of our delegations both in Vietnam and Cambodia and this in itself will be of some benefit. In the meantime we are continuing to press for the dissolution, adjournment or transfer to Saigon of the Cambodian Commission. We do not anticipate early success in this endeavour but there are signs that the situation in Cambodia may have improved to an extent which will make it possible for some developments along these lines.

N.A. ROBERTSON

561. DEA/50052-A-2-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], August 9, 1960

VIETNAM COMMISSION — UNITED STATES MILITARY ASSISTANCE ADVISORY GROUP (MAAG)

In my memorandum of July 11, 1960, I outlined the North Vietnam reaction against the Commission's decision to allow an increase in MAAG. The culmination of their protests was a telegram of June 4 from the North Vietnam Prime Minister, Pham Van Dong, to the Co-Chairman protesting in the most vigorous terms we have yet seen, against the majority decisions of the Commission concerning MAAG and LAW 10/59.

In his telegram 353 of July 16[+] our Ambassador in Moscow reported he had received a note of July 15 from the Ministry of Foreign Affairs forwarding a letter from the DRVN Prime Minister addressed to you enclosing a copy of his telegram of June 24 to the Co-Chairmen. These notes have now been received and are attached.[24] We have, on one or two previous occasions, received communications on Commission subjects from the North Vietnam Government but the channel has usually been through our Delegation in Hanoi. We have not replied to these communications and I would recommend that we follow the same policy with

[24] Non reproduit./Not reproduced.

regard to this latest letter. The Foreign Office has decided to take no action whatsoever on this North Vietnam telegram to the Co-Chairmen and have not received any reaction from the Soviet Government.

The Vietnam Commission has considered the original North Vietnamese protest of April 16 to the Co-Chairmen and the Indian Chairman has tabled a draft letter to the North Vietnamese reaffirming that the Commission has acted within its competence and that in its decision it had taken account of the Geneva Agreements. The draft notes that the Democratic Republic of Vietnam had addressed the Co-Chairmen and points out that while any communication may be addressed to the Co-Chairman by any party, the Commission finds no provision in the Agreement for an appeal against its decision. A vote on this draft letter has not yet been taken but it is anticipated it will be carried by a majority with the Polish representative dissenting.

One aspect of the North Vietnamese reaction to these decisions has been a significant increase in the use of petitions to the Commission for propaganda purposes. The Indian Chairman's willingness to protest this misuse of the Commission's machinery has been strengthened by reported DRVN attacks on his personal integrity. He stated at a recent Commission meeting that he was no longer willing to discuss the matter personally with the DRVN authorities but would insist on sending an official protest letter from the Commission. He also told our Commissioner that Desai, (the Indian Commonwealth Secretary) on the basis of direct reports from Hanoi, is concerned about the campaign against the Indian Delegation. Foreign Office officials are not unduly alarmed by the language of Pham Van Dong's telegram of June 24. They believe, and we would agree, that the recent propaganda offensive against the Commission's decisions and against the Indian Delegation are probably designed in part to try and discourage the Indians from supporting any future Commission decisions similar to that taken on MAAG.

Our Commissioner in Saigon reports that the South Vietnam Government's satisfaction at the Commission's decisions seems to have increased in proportion to North Vietnam's expressions of dissatisfaction.

N.A. R[OBERTSON]

562. DEA/50052-A-40

Le commissaire de la Commission internationale de surveillance et de contrôle pour le Vietnam au sous-secrétaire d'État aux Affaires extérieures

Commissioner, International Commission for Supervision and Control for Vietnam, to Under-Secretary of State for External Affairs

LETTER NO. 246 Hanoi, August 14, 1960
CONFIDENTIAL

NORTH VIETNAM'S ATTITUDE TOWARD THE INTERNATIONAL COMMISSION

This is in the nature of an interim report on a tour I am currently making of Hanoi and some of the International Commission teamsites in North Vietnam. Since leaving Saigon on August 8 I have visited Hanoi, Haiphong, Tien Yen and Dong Dang. Now back in Hanoi for a day, I hope to proceed to-morrow to Vinh, Dong Hoi, through the Demilitarized Zone by car to Gio Linh, and return to Saigon by plane from Tourane. I undertook the trip as Dr. Ansari was coming North to make his official farewells before returning to India (tentatively he is leaving

Saigon September 15) and no Commission meeting is planned until August 20. When Mr. Wiesniewski, the Polish Commissioner, heard that I was to be in the North at the same time as Dr. Ansari, he decided to go too. So although the Commission is not expected to meet in Hanoi until possibly late October or November, all three Commissioners are now in North Vietnam.

2. In Hanoi I have had talks with several DRVN-PAVN officials, including Prime Minister Pham Van Dong, a number of foreign diplomats, and especially with Dr. Ansari. Canadian Delegation members in Saigon have been keenly interested to know what reception would be given Dr. Ansari in Hanoi, in view of the Indian-backed I.C. decisions on MAAG and Law 10/59 which have been so violently attacked in recent months by the DRVN. Dr. Ansari has given me round-by-round accounts of the talks he has had with Ho Chi Minh, Pham Van Dong, Ta Quang Buu, Vice-Minister of Defence (until a day or two ago), and Colonel Mia Lam, of the PAVN. I have no reason to doubt the accuracy of these accounts. Dr. Ansari appears to have been quite blunt and outspoken in his defence of the I.C., and in his comments on certain actions of the DRVN and PAVN to which he and I have objected. This forceful and courageous attitude is in line with Dr. Ansari's conduct in connection with Commission activities generally in Saigon in recent weeks. Our impression is that he is being strongly backed by New Delhi, a support that may reflect India's stiffer attitude toward Communist China. In any event my opinion of Dr. Ansari as an able Chairman of the Commission — flexible, but firm when firmness is called for — has been enhanced by the way he has conducted himself on this final visit to Hanoi.

3. My own talks and those of Dr. Ansari would seem to reinforce the conclusion of most observers that while the North may be protesting violently against certain Commission decisions, and even indulging in war threats, it has no wish to get rid of the Commission. As Dr. Ansari put it, "The North wants to frighten us, but not push us out. They want to frighten us into taking decisions favourable to the North, but they have no intention of tearing up the Geneva Agreements."

4. Pham Van Dong, for example, told me sternly (as he had on my earlier visit in May) that while the I.C. until recent times has been a bulwark for peace, its decisions on MAAG and 10/59 were conducive to war; further, that the North Vietnamese were so angered that unless the decisions were rescinded he could not guarantee that there would not be an attack on the South. I replied, in part, that of all people the Vietnamese should know what war means, and that in to-day's world it was madness to talk of making war. "Surely" I said, "everyone to-day knows that nobody can win a war."

5. Dr. Ansari was given the same treatment. Twice during an interview with Pham Van Dong, the Prime Minister made direct war threats, the second time using the words famed in history and drama, "This means war!" Later the same day Mr. Buu, the Vice Minister of Defence who has since been transferred to another post, spoke in the same terms. The interview with Buu came to a rather abrupt end when Ansari, politely but pointedly, walked out. The same evening, at a dinner at which Buu was host and at which a Candel representative was present, Ansari let fly. He noted that three times that day he had been confronted by threats of war and, commenting as I had that Vietnam ought to have no illusions as to what war means, went on to observe in so many words that people who issued irresponsible threats of war ought to be put in straitjackets. The dinner guests, who included Buu, Colonel Mia Lam of the PAVN, and several other officials, listened (I was told) in dead silence, "obviously dumbfounded."

6. Apart from this blunt response given when others were present, Ansari indicated to me that he had been equally outspoken in his defence of the I.C. in his interview with Pham Van Dong. He had wound up a lengthy presentation of the Indel-Candel case for MAAG and 10/59 by stating flatly that the International Commission was not going to be frightened by threats,

that it had been given a job to do, and that it would continue to do it until told by the Co-Chairmen to quit.

7. In his talk with the Prime Minister, Ansari was also strongly critical of the tactics of the present Polish Delegation. With Wiesniewski's predecessor, Goralski, he said, it had been possible to discuss issues — if at times heatedly — and reach compromises. With Wiesniewski, in contrast, no departure was permitted from a fixed position taken at the beginning; from then on all that was sought was postponement and delay. This, said Ansari, made it almost impossible for the Commission to function. In a later interview, when Colonel Mia Lam asked why the Indians and Canadians no longer co-operated with the Polish Delegation, Ansari retorted, "Because there is no Polish Delegation. There is only the Polish representative of the PAVN who makes statements prepared for him by the PAVN and is not prepared to discuss matters further." (Incidentally we have long felt that Wiesniewski is a very unhappy man, and may well crack up nervously. He appears to act only on instructions from Hanoi. He has been periodically, if not continuously unwell, has admitted to both Ansari and me that he is under great strain, and since coming to Hanoi has told Ansari that he is having to take sleeping pills. Ansari commented that the more Wiesniewski gives in to the DRVN, "the more they bully and kick him about." The Chairman predicts that Wiesniewski won't last more than about another three months; that he will either be appointed elsewhere or recalled in disgrace.)

8. In this same talk, Dr. Ansari warned Colonel Mia Lam, "as a friend," to stop the PAVN harassment of Candel in Hanoi. Such incidents as the retention of Candel's diplomatic mail bags at the airport and interference with staff, he said, must stop. (This last is in reference to the recent arrest of Candel's chief interpreter and to the disappearance of a houseboy on the staff of the Canadian villas,[25] incidents we have not so far reported. It may be significant, or coincidence, but since Ansari's warning to Mia Lam, the houseboy has reappeared.)

9. One possible explanation of Dr. Ansari's bold-as-a-lion conduct (i.e. that it may reflect India's stiffer attitude toward Communist China) has already been given. (See Para.2) He himself told me that he considered that the DRVN's attempts to frighten the I.C. were based on a misapprehension of India's position. The DRVN had thought that India was so worried by Communist troubles in Kerala, difficulties over Tibet, etc., that it could "bulldoze" the Indians into changing their attitude in the International Commission. "I figured they were bluffing," Dr. Ansari said, "and I called their bluff."

10. It seems likely that the Indian refusal to back down has been encouraged also by the Russian reception of General Giap's recent letter to Russia, as an I.C. Co-Chairman, protesting the MAAG decision. Ansari told me that India's ambassador to Moscow had been called to the Soviet Foreign Office and been shown a reply, prepared for London, which in effect merely suggested that the I.C. should continue to carry out its responsibilities as usual. In other words, said Ansari, the Russians indicated that they weren't much concerned by the MAAG decision or by the DRVN's protest about it.

11. One reason why the North continues to value the Commission despite its alleged shortcomings appears to be the belief of the DRVN that in some degree the I.C. acts as a brake on any American military build-up in the South. (Pham Van Dong, though he railed against MAAG, etc., admitted to me that this was so.) While some bootlegging of arms may go on, I.C. controls in the South do provide the North with a fair idea of what weapons, military personnel, etc. are being brought in. Without the controls, and the presence too of the Poles in

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[25] Note marginale :/Marginal note:
Later information indicates that illness, rather than police action, may have caused the houseboy's departure. The interpreter has definitely been arrested. C.J. W[oodsworth]

the South, it would be much more difficult for the North to get information. This, of course, is not a new observation. It has been discussed by I.C. personnel with DRVN officials on occasion in the past. But it would seem to remain a strong factor in the importance the North continues to attach to the Commission.

12. Another factor pertains to the ardent hopes for reunification of North and South. The North appears to be increasingly certain that an upheaval will take place in South Vietnam. This belief seems to have been given impetus by last week's developments in Laos in which an army captain's partial coup may result in the adoption by the Vientiane government of a more neutralist, anti-American policy. DRVN officials are apparently hopeful that a similar situation might develop in South Vietnam and a new government come to power there with reunification as its main slogan. It would not be Communist (so runs the thesis) but would be a liberal, nationalist government with which the North could negotiate. The International Commission would then have added importance to the North which would ask for elections under its supervision.

13. It is difficult to be certain, but available evidence would seem to indicate that the DRVN, however truculent it appears, is still prepared to pay attention to a firm stand taken by the I.C., even where the decision concerned may be a majority one. We have already reported on the protest, supported by Indel and Candel, to the PAVN concerning the misuse of the I.C.'s petition machinery for propaganda purposes. A check made with Candel teamsite officers on my tour to date would seem to show conclusively that the public demonstrations accompanying the presentation of alleged petitions on MAAG and 10/59 fell off sharply immediately in the wake of receipt of the I.C. protest. This would also appear to account for the fact that the campaign against the Commission's decisions did not reach its much-publicized climax on July 20, anniversary of the signing of the Geneva Agreements. (My findings here do not seem to bear out the suggestion reported to you earlier that the campaign might have collapsed because of the need for all available workers to control flood waters in the Hanoi rice growing area. The drop in the number of demonstrations, and of petitions generally, was just as marked at teamsites in areas where there has been no flooding.)

14. As a sidelight to any thoughts the DRVN may have concerning the future of the International Commission, I might note that when Prime Minister Pham Van Dong, in his talk with me, assailed the MAAG and 10/59 decisions I commented that the Commission was being asked to do the virtually impossible — interpret and carry out a series of Agreements that were almost completely out-of-date and inapplicable in the light of changed circumstances since 1954. I then asked him whether, by reason of this, he might approve of two suggestions: (1) that the original signatories of the Geneva Agreements be brought together again and a new up-to-date document drawn up; (2) that any successor body to the I.C. be set up under auspices of the United Nations. I had expected that the Prime Minister would object that this second proposal was out of the question until such time as China would be accepted as a member of the U.N. and I said so. To my surprise, however, Pham Van Dong commented, seemingly with pleasure, that both were interesting suggestions. It may be that his failure to insist on China being brought into the picture may reflect the fact that Pham Van Dong is a leader of the so-called moderate faction in North Vietnam politics, which is currently engaged in a struggle for power with the more militant pro-Chinese group. I expect to comment further on this situation in a subsequent report.

CHARLES J. WOODSWORTH

563. DEA/50052-A-6-40

Le commissaire de la Commission internationale de surveillance et de contrôle pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Commission for Supervision and Control for Vietnam, to Secretary of State for External Affairs

TELEGRAM 190 Saigon, September 1, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: Our Tel 150 Jul 13.†

Repeat Delhi, Washington, Paris, London, Permis New York from Ottawa (Information).

VIETNAM SUPERVISION

1. Ansari yesterday handed me a draft statement on subversion which he says Delhi has approved and Indian delegation here will support. Text Begins: "The International Commission has been recently receiving a number of complaints concerning acts alleged to be abetted by one party against the other which may be detrimental to peace and security of Vietnam. The International Commission would like to state that the Commission has the competence and duty under the Geneva Agreements to entertain and investigate such complaints under Articles 10, 19 and 24 read with Article 27 of the Geneva Agreement, depending on facts of each case in order to ascertain whether or not repeat not the alleged acts have been fomented by one party against the other." Text Ends.

2. You will note that specific mention of North and South contained in draft we submitted to Ansari is omitted as Indians argue no repeat no subversion complaints received from North. However we consider Indian draft covers main points adequately and would strongly urge in view Indian promise of support that we accept without alteration.

3. We understand that on instructions from Warsaw Poles may refuse discuss subversion cases, Legal Committee and walk out. If they do or if they fail to appoint a representative to Legal Committee within reasonable period Ansari and I have agreed subversion statement will be adopted on majority decision and Poles conduct reported to Co-Chairmen.

4. Ansari has assured me India is determined to press subversion issue. Please advise if text and procedure acceptable.

5. After a quiet interval Hanoi press-radio is again reported to be rampaging against Commission and its decisions. Ansari believes new assault is in preparation for Lao Dong Congress convening shortly Hanoi, and follows disappointing reply dated August 23 from Nehru to letter from Pham Van Dong dated August 5 requesting Indian intervention against Commission decisions. Ansari showed me texts of both. In summary Nehru refused to intervene on grounds Commission empowered under Geneva Agreements to make decisions.

6. *For Ottawa only*. Re paragraph four our telegram 189 August 30† I learn Nhu's non-intervention policy in Laos not repeat not based on any leaning toward neutralism but on wish to allow dust to settle in what he terms "comic opera politics" before favouring any side. In this light Vu Van Mau's difference with Nhu is less significant.

[C.J.] WOODSWORTH

564. DEA/50052-A-6-40

Le secrétaire d'État aux Affaires extérieures
au commissaire de la Commission internationale de surveillance
et de contrôle pour le Vietnam

Secretary of State for External Affairs
to Commissioner, International Commission for Supervision
and Control for Vietnam

TELEGRAM Y-184 Ottawa, October 3, 1960
CONFIDENTIAL. OPIMMEDIATE. PRIORITY.
Reference: Your Tel 190 Sept 1.
Repeat Delhi, London, Washington, Paris, Permis New York (Priority) (Information)

VIETNAM SUBVERSION

You may inform the Chairman that we agree to text of statement on subversion as redrafted and to procedure suggested by him. Ansari's comment about India's determination to press the subversion issue is encouraging.

565. DEA/50052-M-40

Le commissaire de la Commission internationale de surveillance
et de contrôle pour le Vietnam
au secrétaire d'État aux Affaires extérieures

Commissioner, International Commission for Supervision
and Control for Vietnam,
to Secretary of State for External Affairs

TELEGRAM 244 Saigon, November 29, 1960
CONFIDENTIAL. OPIMMEDIATE.

1. Canadian delegation of IC has been operating to date on assumption general Canadian policy is to reduce size and activities of Commission as rapidly as situation permits. Hence we have supported economy moves suggested by Co-Chairman including elimination of four teams and have proposed certain other measures (our telegram 225 November 3).†

2. It is becoming increasingly evident however that political military situation in Indochina is changing rapidly. Considerations to be taken into account include (a) large scale military buildup in demilitarized zone and presence of growing numbers of Vietminh and Pathet Lao troops on Laos side of North Vietnam frontier (our telegram 196 September 8)† (b) reported callup of reservists and blood bank preparations in North Vietnam (c) enlarged Viet Cong activities and recent attempted coup d'état by rightists both emphasizing instability of situation in South (d) American Ambassador Durbrow has expressed to Washington concern lest further elimination of teamsites e.g. Dong Hoi lessen effectiveness of present "early warning system" in North Vietnam (e) chaotic situation in Laos and possible repercussions on Commission there and in Cambodia.

3. General feeling here is that period ahead may be extremely difficult. The immediate danger in our view is not repeat not invasion from the North but worsening political and security situation in South Vietnam and Laos which North Vietnamese are certain to take increasing advantage. In light of this we are not repeat not sure whether we should sponsor or support further reductions when current situation may demand increased activity and

expenditures. In our view a complete review of policy is urgently required. We would appreciate earliest possible reply.

[C.J.] WOODSWORTH

566. DEA/50052-M-40

Note de la Direction de l'Extrême-Orient pour le sous-secrétaire d'État adjoint aux Affaires extérieures

Memorandum from Far Eastern Division to Assistant Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], December 2, 1960

REDUCTIONS IN VIETNAM

Telegram 244 of November 29 from Saigon asks us to review our policy on reductions of the Vietnam Commission in the light of

(a) a possible military build up north of the demilitarized zone;

(b) reported call up of reservists and blood bank preparations in the north;

(c) the prospect of larger Viet Cong activities in South;

(d) the chaotic situation in Laos.

Telegram 247 of November 30† suggests the possibility of serious troubles in South Vietnam during the first half of December which may take the form of a series of heavy Viet Cong strikes similar to the attack on Kontum at the end of October. National Defence has shown some interest in Telegram 247 and Brig. Bishop, Director General of Plans and Operations suggested this morning that our teams in the north be asked to report any evidence of a military build up or preparations which may come to their notice. The report that 80,000 North Vietnamese reservists have been called up is probably the PAVN's reaction to President Diem's decree of November 22 recalling all reserve officers and N.C.O.'s to the armed forces and transferring the 50,000 man civil guard from the Ministry of the Interior to the Defence Ministry where they are to be reorganized, trained and equipped on the lines of the regular army.

As you are aware, reductions in the Vietnam Commission are being made in accordance with recommendations from the Co-Chairman in July this year to achieve economies in the expenses of the Commission of the order of 50% "without reducing the effectiveness of the commission's activities." The Co-Chairmen's recommendations included:

(a) appropriate reductions in the personnel of the General Secretariat;

(b) abolition of two fixed teams in the South and two in the North (this has now been agreed by the Commission and is to be implemented shortly);

(c) appropriate reductions in the staffs of the three delegations including the remaining fixed teams. (We have decided that Mr. Grondin should not be replaced when his term expires in January and the teams at Saigon, Tourane and Haiphong have been halved in size — a reduction of a further three Canadian officers).

The prospects in Vietnam are that the next few months may be disturbed. The Viet Cong are growing stronger and may increase the frequency and power of incidents. There was the abortive coup of November 11-12 which has disturbed the situation and there are the elections next spring which may lead to further disturbances. As you know, Laos is even more confused and unsettled than it was. In the circumstances, we feel that the drive for further reductions of teams should be soft pedalled in the Commission for the time being. If the Indians and Poles

consider that further reductions are necessary in the light of the directive from the Co-Chairmen, Mr. Woodsworth might suggest that study be given to reducing the size of the Secretariat. The attached telegram, for your approval, contains instructions to this end.

D.M. CORNETT

[PIÈCE JOINTE/ENCLOSURE]

Le secrétaire d'État aux Affaires extérieures
au commissaire de la Commission internationale de surveillance
et de contrôle pour le Vietnam

Secretary of State for External Affairs
to Commissioner, International Commission for Supervision
and Control for Vietnam

TELEGRAM Y-108 Ottawa, December 2, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: Your Tels 244 and 247 of Nov. 29 and 30.

REDUCTIONS IN VIETNAM COMMISSION

We agree that the next few months may be difficult and disturbed in South Vietnam and in Laos and that it is timely to re-examine our policy on reductions. In July the Co-Chairman recommended that the Commission examine the possibility of reducing its expenses by fifty percent by (a) reducing the personnel of the General Secretariat; (b) dissolving two fixed teams in the North and two in the South; and (c) reducing the staffs of the three delegations and the remaining fixed teams. The second of these has already been implemented and some progress has been made on the third.

2. In view of the prospects, we consider that the emphasis on reductions might now be shifted from the teams and delegation staffs to the Secretariat about which we have heard nothing so far. As the Secretariat is staffed by India and headed by an Indian Secretary General it would of course be inappropriate for us to make detailed proposals. However, when the question of reductions is raised again, you may wish to draw attention to the first of the Co-Chairman's recommendations as listed in paragraph 1(a) above and suggest that the question be studied and proposals made for consideration by the Commission.

3. Your recommendations as to how the suggestion that mobile team 76 be split and relocated and the teams at Dong Hoi and Qui Chon be eliminated which we have already introduced in the Operations Committee would be welcome. For the time being you should not repeat not push these proposals.

4. We assume that you have already requested teams in the North to report any signs of a military build-up or other warlike preparations (points (a) and (b) of paragraph 2 of your telegram 244 and points (2) and (3) of your telegram 247), which may come to their notice. Any information they can provide will be welcome.

567. DEA/50052-M-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2005 Washington, December 5, 1960

CONFIDENTIAL. OPIMMEDIATE. PRIORITY.

Reference: Saigon Tel 225 Nov 3.†

Repeat Saigon (Priority) from Ottawa, London, Paris (Information).

By Bag Moscow, Delhi from London.

REDUCTION OF VIETNAM COMMISSION

On December 5 Anderson, Director of State Department Office of Southeast Asian Affairs, and Wood, Officer in Charge of Vietnam Affairs, called in Ledward of UK Embassy and ourselves to inform us of the State Department view that the elimination of Dong Hoi fixed team was undesirable. This view had already been made clear to UK and Canadian representatives in Saigon on the basis of a considered appreciation by USA representatives in Saigon, but the State Department wish to reiterate the same position to us and to confirm that it was held by responsible authorities in Washington as well. Neither Anderson nor Wood adduced detailed arguments for the retention of Dong Hoi; but simply rested their case on the facts that Dong Hoi was the closest major military installation to the demilitarized zone (containing, in fact, the DRVN 325 Battalion and a military airfield); and that the Dong Hoi area would be the most likely place for the Commission to become aware of major military concentrations aimed at aggressive action against the South. Wood also suggested, though not repeat not apparently as part of an agreed USA assessment, that Dong Hoi was also uncomfortably close to Savannakhet in Laos in view of the disturbed conditions there obtaining. Anderson and Wood both mentioned that within the last week there had been reports of considerable troop movements in the DRVN, but made it clear that the present expression of views on Dong Hoi was not repeat not specifically related to these reports.

2. We asked Anderson whether USA authorities were agreed upon a scale of priorities in respect of the remaining fixed team posts and if, in fact, Dong Hoi were regarded as of greater significance than any others. Anderson and Wood expressed the personal view that Dong Hoi was probably regarded as more important than other Northern posts but made it clear that the question of eliminating alternatives had not repeat not been considered in the context of their present démarche.

3. UK Embassy representative and ourselves agreed to report to governments. We should, of course, be grateful for any indication of your reaction that we could pass on to the State Department. It emerged in the course of conversations that the State Department understood that both the Poles and the Indian were opposed to the elimination of Dong Hoi and that the question had been referred to the Operations Committee for further study.[26] Neither the State Department nor we were aware of when a decision in the Committee might be forthcoming.

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[26] Note marginale :/Marginal note:
Does not conform with our info. [Auteur inconnu/Author unknown]

568. DEA/50052-M-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM Y-222 Ottawa, December 8, 1960
CONFIDENTIAL. PRIORITY.
Reference: Our Tel Y-221 of Dec 6.†[27]
Repeat London, Paris (Priority) (Information).
By Bag Moscow, Delhi.

REDUCTION OF VIETNAM COMMISSION

You may wish to inform the State Department that the Operations Committee has now decided unanimously to defer consideration of further reductions of teams until reductions already ordered had been tried out for a three month period. Proposals for further reductions will be considered again after March 15, 1961.

569. DEA/50052-A-6-40

Le commissaire de la Commission internationale de surveillance
et de contrôle pour le Vietnam
au secrétaire d'État aux Affaires extérieures

Commissioner, International Commission for Supervision
and Control for Vietnam,
to Secretary of State for External Affairs

TELEGRAM 261 Saigon, December 12, 1960
CONFIDENTIAL

VIETNAM SUBVERSION

As you know we had made tentative arrangements to discuss subversion in Commission on our return from Hanoi. It now appears matter will be postponed somewhat. Absence of Polish Commissioner on leave and postponement of cut off date for interim report until end of February have made Indians reluctant to force issue at this time. They think Poles will now be willing to discuss matter in Legal Committee and have suggested we try to arrange again for Committee Meeting. They have however given us categoric assurance that subject will be back in Commission in time for inclusion in interim report. Timing now appears set therefore for late January or February.

2. Although Indian tactics are exasperating we can sympathize with their wish to draw Poles into discussion of question if all possible. At formal meeting in October we drew from Ansari the promise that question would be discussed in Commission itself if continual postponement and delay was met in Committee. We suspect they have been equally forthright in private

[27] Y-221, envoyé en réponse au document précédent, répète les points principaux du Y-108, le 2 décembre. Voir pièce jointe au document 566.
Y-221, sent in reply to the preceding document, repeats the main points of Y-108, December 2. See enclosure to document 566.

conversations concerning their determination finally to deal with matter. Given our hopes for decisive action on Kontum incident[28] and bearing in mind assurance we have received for consideration during this report period we think we should go along for time being on delay if in fact we have any alternative.

3e PARTIE/PART 3

JAPON
JAPAN

SECTION A

COMMERCE
TRADE

570. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], May 3, 1960

Present:

The Minister of Finance and Acting Prime Minister (Mr. Fleming) in the Chair,
The Minister of Transport (Mr. Hees),
The Solicitor General and Acting Secretary of State (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker).

The Assistant Secretaries to the Cabinet (Mr. Fournier), (Dr. Hodgson).

. . .

REPORT ON TRADE NEGOTIATIONS WITH JAPAN; 1960 QUOTAS
(Previous reference March 17)

14. *The Minister of Finance* said that after six months of difficult negotiations he could report progress in reaching agreement with the Japanese on their export quotas to Canada for 1960. The Japanese negotiators had used every available artifice to prolong the discussions, apparently in the hope of obtaining better terms. They were obviously under heavy pressure from producers in Japan, and they had shown a greater degree of national aggressiveness than at any other recent time.

[28] Voir/See Jacques Nevard, "Aggression Laid to Vietnam Reds," *New York Times*, November 9, 1960, p. 37.

During 1959, Japanese exporters of spun rayon goods had flooded the Canadian market, and had forced some Canadian producers out of business and greatly weakened others. He recalled that last summer the government had imposed an embargo on these goods and that voluntary quotas had been instituted by Japan in the autumn. Thereupon, Japanese manufacturers of synthetic finished goods, particularly of shirts, blouses, trousers and slacks, had begun to flood the market.

Accordingly, in the recent negotiations, the Canadian representatives had sought overall quota control for all textile goods, involving the imposition of voluntary quotas for the first time on many items. Agreement had now been reached, subject to the approval of the two governments. On the following day Mr. Fleming hoped to receive a letter from the Japanese ambassador undertaking to restrict exports to Canada. The letter would include a schedule of quotas on individual items, but, in addition, the Japanese would declare their intention to effect only a moderate and orderly expansion of exports of other textile products, to avoid undue injury to Canadian manufacturers. In return the Japanese understood that Canada would not invoke Clause 19 of the G.A.T.T.

The Minister said that, although these 1960 textile quotas might not fully satisfy Canadian producers, they were as favourable as could reasonably be expected. The quotas for various spun rayon and cotton goods would generally be below the 1959 levels. On synthetic shirts, the quota was 50,000 dozen, and it was further stipulated that if this figure should be exceeded the amount of the excess would be subtracted from the cotton or spun rayon quotas. The Canadian negotiators had made it clear that quota violations would not be tolerated.

Agreement had also been reached on stainless steel cutlery. Canada had had no cause for complaint on this score until 1958 when imports from Japan had doubled, reaching a record level of 1.9 million pieces and threatening to engulf the two Canadian producers. In 1959, imports had amounted to 1.8 million pieces. Negotiations on this subject had proved particularly difficult, the Japanese negotiators indicating that they had little room for manoeuvre because their cutlery industry included large numbers of small producers. Negotiations had been highly successful, however, and on the following day Mr. Fleming expected to receive a letter from the Japanese ambassador stating that his government would try to make certain that not more than 1.15 million pieces would be exported to Canada during 1960 and that at least 0.15 million of this amount would be in the form of cutlery for use as premiums, e.g., in soap flake packages.

The great advantage of these voluntary quotas was that they made it unnecessary for the Canadian government to impose quantitative controls or to establish arbitrary values for customs purpose.

The Japanese goods coming to Canada were of the highest quality, and quite unlike the inferior goods dumped in Canada during the nineteen-thirties. He emphasized that imports from Japan represented the counterpart of Canada's increasing sales of wheat to that country.

The Minister said the United Electrical Workers locals in the Niagara Falls and Stamford areas had been accusing the government of inaction and had been requesting an interview with him. Assuming that the letters were received as expected from the Japanese ambassador, Mr. Fleming intended to make a statement on the subject in the House of Commons on May 5th,[29] and to meet the representatives of the union early next week.

Negotiations with the Japanese were continuing on other commodities including hardware, plywood, electronic items and leather and rubber shoes.

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[29] Voir Canada, Chambre des Communes, *Débats*, 1960, vol. V, pp. 5231 à 5233.
See Canada, House of Commons, *Debates*, 1960, Vol. V, pp. 5043-45.

He had informed the Prime Minister of the progress made on this subject.

15. *The Cabinet* noted with approval the statement of the Minister of Finance on progress made in negotiations with the Japanese authorities on voluntary import quotas affecting textile goods and cutlery.

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SECTION B

VISITE DU PREMIER MINISTRE DU JAPON À OTTAWA, LE 21 JANVIER 1960
VISIT OF PRIME MINISTER OF JAPAN TO OTTAWA, JANUARY 21, 1960

571. H.B.R./Vol. 2

Projet de note

Draft Memorandum

CONFIDENTIAL [Ottawa], January 21, 1960

RECORD OF CONVERSATION BETWEEN MR. KISHI AND MR. DIEFENBAKER, JANUARY 21, 1960

Mr. Kishi, accompanied by Mr. Fujiyama, Mr. Hagiwara, Mr. Shiina, Mr. Matsumoto, and other officials, met with the Prime Minister and Mr. Green for 35 minutes this morning.

After Mr. Diefenbaker had briefly outlined the programme of talks for the day, he invited Mr. Kishi to begin the conversation. Mr. Kishi then spoke through an interpreter for approximately 20 minutes, making the following points.

He expressed appreciation for Canadian sympathy and assistance during last year's typhoon in Japan.

He invited Mr. Diefenbaker to pay a visit to Japan. Mr. Diefenbaker expressed his warm appreciation, adding that he hoped very much that it would be possible to arrange a mutually agreeable date.

Mr. Kishi expressed Japanese appreciation of Canadian cooperation and support in the United Nations. He believed that it would be to the benefit of both countries and to the cause of world peace if Japanese-Canadian cooperation were further strengthened.

In a brief reference to the mutual security treaty with the United States, Mr. Kishi said that it was based on the principle that Japan would maintain its position as a free nation. At the same time, in its effort to promote improved international relations generally, Japan attached the highest importance to the United Nations.

Mr. Kishi said that he believed that personal exchanges of visits such as those being undertaken by Mr. Khrushchev and President Eisenhower went some way to alleviate world tension. He warned, however, that numerous problems remained, citing Berlin, Germany and nuclear testing as examples. Japan felt particularly strongly about nuclear testing and believed that the tests should be stopped. He underlined the importance of a successful outcome of the current Geneva negotiations as a staying point on the way to general disarmament.

Referring in general terms to Canada's foreign policy, Mr. Kishi said that Japan valued the "broad attitude" hitherto adopted by the Canadian Government in seeking to bring together East and West. He hoped that this attitude would be maintained.

Mr. Kishi called for the strengthening of the Colombo Plan, particularly in the fields of technical and capital assistance. He voiced the intention of his government to maintain its interest in the Colombo Plan, and hoped that Canadian interest also would be maintained.

In a brief reference to Japanese-Canadian trade, Mr. Kishi said that there had been an increase in the volume of trade and that the imbalance which had prevailed was gradually being corrected. Problems remained, however, and he looked forward to discussing them in more detail this afternoon. As a general principle he thought that both countries should try to understand each other's positions and avoid measures which would hurt each other's economy. With these principles in mind the aim should be an expanding trading relationship.

At the conclusion of his remarks, Mr. Kishi spoke of Japan's interest in the economic development of Western Canada and in the entry thereto of Japanese enterprises. The survey now being conducted (in Saskatchewan) was a good sign for the future, but there were real difficulties about the entry of technicians and the Japanese Government hoped that these might be taken up and solved through diplomatic channels.

Mr. Diefenbaker then dealt for approximately 10 minutes with several of the points raised by Mr. Kishi.

He agreed with Mr. Kishi that exchanges of visits between national leaders could do much to further understanding. He shared Mr. Kishi's hope that President Eisenhower's visit to the USSR would give rise to an improvement in international relations.

With regard to Berlin, the Prime Minister said that the essence of the Canadian position was that the people of West Berlin should in no way be sacrificed.

On nuclear testing, Mr. Diefenbaker said that "Japan's views are our views." Canada believed firmly that nuclear testing should end (here he recalled the Canadian vote in the General Assembly on the French bomb test in the Sahara), and agreed that if the powers concerned could work out an arrangement for the discontinuance of tests this would be an important step towards general disarmament. Mr. Diefenbaker also recalled his Arctic inspection proposals.

Mr. Diefenbaker said that he wholeheartedly agreed with Mr. Kishi as to the importance of the Colombo Plan. He recalled the recent increase in the Canadian vote for Colombo Plan funds, saying that he regarded this type of assistance as extremely important, not only for improving the technological capacity of the recipient countries but also for improving general relations. Referring to his visit to Southeast Asia, Mr. Diefenbaker said that he had been impressed by the value of student exchanges, which he understood had worked particularly successfully between Australia and Southeast Asian countries.

On trade, Mr. Diefenbaker echoed Mr. Kishi's hopes for close and continuing cooperation in Japanese-Canadian trade and for its expansion. He expressed special appreciation for Mr. Kishi's recognition that each country had its own industries and problems to think of. He concluded his remarks on trade by recalling what Mr. Menzies had said to him about the satisfactory nature of trade dealings between Australia and Japan.

On economic developments in Saskatchewan, Mr. Diefenbaker agreed with Mr. Kishi's hope that the problems connected with Japanese investment should be capable of solution through diplomatic consideration. He did not think there would be any insurmountable difficulty and agreed that discussions should take place so that Japan would not be subject to impediments which would render impossible the completion of the projects or transactions which it had in mind. "There should be nothing to prevent us from reaching a sound, fair and reasonable solution."

Mr. Green expressed the Canadian Government's warm satisfaction with the present state of Japanese-Canadian cooperation in the United Nations. Canada had no better friend than

Japan, and Mr. Matsudaira had been especially helpful. If Mr. Kishi had any suggestions as to how Canadian-Japanese cooperation in the United Nations might be further strengthened, the Canadian Government would be very glad to have them.

After the meeting the Prime Minister gave some general comments to the press. He did not mention the invitation which he had received to visit Japan in view of the fact there had been no discussion in the meeting of how and when this information should be made public.[30]

4e PARTIE/PART 4

IMPORTATIONS À FAIBLE COÛT DU JAPON ET DE HONG KONG
LOW COST IMPORTS FROM JAPAN AND HONG KONG

572. PCO

Note du chef du Comité interministériel sur la politique du commerce extérieur pour le Cabinet

Memorandum from Chairman, Interdepartmental Committee on External Trade Policy, to Cabinet

CABINET DOCUMENT NO. 368-60 [Ottawa], November 8, 1960
CONFIDENTIAL

LOW-COST IMPORTS

1. In view of the difficulties arising from the increasing volume of low-cost imports, especially from Japan and more recently Hong Kong, the fact that these difficulties will probably be intensified, and the concern expressed by Ministers about the problem, the Interdepartmental Committee on External Trade Policy has studied the matter and makes the following report and recommendations.

2. In the past five years imports of a variety of manufactured goods from Japan have been increasing so rapidly as to cause serious difficulty for a number of Canadian secondary industries. On the other hand, it must be recognized that Canadian consumers have benefited substantially by these cheaper imports, and this has been particularly noticeable among some of the low income groups and areas. Although it is hard to measure, it is likely that the loss in employment in particular lines, competing with low-cost imports, has been partially offset by increased employment in other branches of the economy whose products are bought in larger volume by Canadian consumers as a result of savings realized through purchases of low-cost imports. Also, such low-cost imports, directly and indirectly, have had the effect of keeping down the cost of living and therefore wages and costs of production.

3. The normal instrument of protection of Canadian industry is of course the customs tariff. For a number of products, however, rates of duty high enough to have a significant impact on imports from several Oriental countries would have a prohibitive effect on imports from other countries. The social structure in Japan is such as to make available to industry a large and docile labour force willing to work hard for extremely low wages. For somewhat different reasons the same phenomenon is also experienced in Hong Kong. When this inexpensive

[30] Note marginale :/Marginal note:
OK. R. C[ampbell] 23/1

labour supply is combined, as it is in Japan and Hong Kong, with plentiful modern capital equipment, costs of production in labour-intensive activities are inevitably very low. The existence of this unique problem is recognized generally in the western industrial countries and in one way or another they all take some steps to deal with it. It has also been recognized as a problem by the GATT, which is now studying it and considering possible lines of solution. However, the course of the study in the GATT so far does not give any encouragement to hope for a general solution at any early date.

4. Canada has important reasons to ensure that economic relations between the West and Japan do not deteriorate to the point where Japan will be forced to turn to Communist China or the Soviet Union for closer trade and economic ties. The difficulties which arose in the 1930's following the breakdown of normal trade relations between many Western countries and Japan are, of course, examples of the serious dangers that could arise from trade isolation or retaliatory policies.

The Scope of the Problem

5. Canada's two main sources of troublesome low-cost manufactured imports are Japan and Hong Kong, principally the former. Since 1953 (the year before the Trade Agreement between Canada and Japan was signed) exports from Japan to Canada have increased from $14 million to $103 million in 1959, with particularly sharp increases in the most recent years. Among the industrial nations Canada has become the largest per capita buyer of Japanese goods; larger by a small margin than the United States, but five times above the thirteen European countries (taken together) which comprise the inner Six and the outer Seven.

6. The difficulties which have occurred are due not so much to the general level of Japanese shipments as to their concentration in sensitive lines. The Japanese have said that it is in their own interests that the growth of their exports to Canada should proceed on an orderly basis. The Canadian authorities, for their part, have agreed that an increase of 5 to 10 per cent in a good year, depending on the product, and on whether the Canadian producers were experiencing difficulties, would constitute an orderly rate of growth. The Japanese have since maintained that no such specific commitment has been made by them.

7. It was foreseen that problems of this kind might arise in trade with Japan. When the Trade Agreement was negotiated in 1954[31] it was accompanied by an Exchange of Letters reserving to Canada the right to determine values for ordinary and special (i.e. anti-dumping) duty purposes on imports of Japanese goods in the event of serious injury or the threat of serious injury to Canadian producers. This right has not yet been exercised. The Canadian Government has preferred so far to rely on export restraints applied by Japan. These restraints were at first imposed voluntarily on exports of a few products to Canada, following their imposition on exports to the United States. In the past two years they have been extended substantially. This was done after strong representations by the Canadian Government following serious flooding. In many cases the export quotas have been set at levels negotiated between the two Governments.

8. In spite of these negotiated export quotas which now cover a preponderant part of Japan's textile exports as well as several non-textile items, the problems continue to get more difficult. In 1960, in textiles, shipments of several items which are not under quota have been increasing significantly. Outside the textile field there have been rapid, disorderly increases in a number of products, for example, electronic tubes, transistor radios, and buttons. It has become

[31] Voir vol. 20, chapitre VII, 2e partie (b); *Recueil des traités du Canada 1954*, n° 3.
See Vol. 20, Chapter VII, Part 2 (b); *Canada Treaty Series 1954*, No. 3.

increasingly difficult to persuade the Japanese to deal quickly with problems as they arise, and to adopt adequate export restraints.

9. Moreover, there has recently been a rapid increase in imports from Hong Kong of several kinds of textile product which Japan has placed under export control. This tends to undermine the protection the Japanese controls would otherwise have afforded to Canadian producers. The Japanese are naturally concerned about the tendency of Hong Kong exports to benefit from the existence of Japanese export controls.

Canadian Exports to Japan

10. Solutions to deal with the low-cost import problem should, if at all possible, be such as not to impair the access to Japan for Canadian exports. After the United States and the United Kingdom, Japan is Canada's third largest export market. Total exports have fluctuated but have displayed a generally rising trend from some $97 million in 1954 to about $140 million in 1959. Exports in 1960 are likely to exceed $160 million. The largest item by far is grain and flour, followed by oilseeds, pulp, aluminium, iron and metal ores, asbestos, coal, chemicals and a number of others.

11. Formally, Japan is in balance of payments difficulties and maintains close control over imports from all sources. Imports are "planned" on the basis of estimated availability of foreign exchange and are subject to licence, although some 700 items are readily licensed under the "automatic approval" system. Within the last two years, Japan's economy has grown stronger and her balance of payments position has greatly improved. This growth appears to be soundly based and the time has come when Japan should relax controls in imports, particularly on those products which Canada sells. However, Japan still retains a highly effective machine for regulating imports including state trading in grain. If Japan decided to retaliate against an action by Canada it would have methods ready at hand. There are pressures now in Japan for higher tariffs on certain important items: so far these have been resisted.

Possible Courses of Action

More rigorous insistence that Japanese and Hong Kong exporters meet the normal requirements of our Customs law in respect of value for duty.

12. Japanese exporters have not been co-operative in furnishing the home market information required for a proper determination of the fair market value. Where this information is not available, there is provision under Section 40 of the Customs Act for the Minister of National Revenue to prescribe the manner of determining cost of production, gross profit or fair market value. This section is applied, where required, against exporters from other countries through the device of advancing invoiced values by a certain percentage, which is subsequently withdrawn when information is supplied to enable the determination of values envisaged by the Customs Act.

13. Members of the Committee are of the opinion that the use of this Section is justified against Japanese exports, including exports subject to Japanese voluntary controls. This course is followed with regard to other countries trading with Canada and there is no reason why Japan should be given preferred treatment. It is suggested, however, that the Section should first be applied to one or two products on a trial basis to bring forcibly to the attention of Japanese exporters and to the Japanese Government that full information must be furnished to meet the requirements of our Customs Act. While this action will enable the Department of National Revenue to ensure that the valuation provisions of the law are met, it will not by itself solve the problem of low-cost imports. Even when we get accurate information about fair market values in Japan we can expect these to be low because of the fact that Japanese costs on these fields are much lower than ours. There might of course be some deterrent effect on imports into Canada arising out of the threat of advances over invoiced values.

14. Similarly, in the case of Hong Kong, a more rigorous approach should be adopted in respect of the valuation provisions of our law. However, before applying Section 40 of the Customs Act, values investigations should be intensified, preferably through the use of a Customs investigator.

15. The foregoing course should be followed as part of the normal administration of our Customs law in the ordinary course of trade.

16. In the category of exceptional measures, there would appear to be three possibilities worth examining: export restrictions imposed by the exporting country, the application by Canada of fixed values for duty, and the application by Canada of quantitative import controls.

Exports Restrictions Imposed by the Exporting Country

17. Since Japan prefers to rely on the system of so-called "voluntary" export controls, this is the course which would most likely avoid retaliation against Canadian exports. There is therefore a *prima facie* case for relying on this to the extent that it proves capable of meeting our needs. If this system is to meet our needs, however, the Japanese will have to be willing to react more quickly and more effectively to Canadian requests.

18. As regards Hong Kong, it is most doubtful that any system of "voluntary" export controls will be possible.

Fixed Values

19. In the event of material injury or threat of injury to Canadian producers there is provision under Section 40A(7)(c) of the Customs Act for the Governor in Council to authorize the Minister of National Revenue to determine the value for duty or to prescribe the manner in which such value shall be determined. Moreover, as noted above, the exchange of letters accompanying the Agreement on Commerce between Canada and Japan, signed in 1954, reserves Canada's right to determine values. It provides that in determining the level at which such values shall be established, Canada shall take into account the prices of like or directly competitive products being imported at that time from other countries. The Japanese Government has taken the position that the GATT, rather than the exchange of letters, in fact governs trade relations between the two countries, and that failure to resort to GATT techniques could be challenged by the Japanese.

20. While favouring the continuation and intensification of the Japanese system of export controls, the Committee is of the opinion that the Canadian Government should stand ready to fix values for duty in cases of injury or threatened injury where the Japanese decline to act promptly or effectively.

21. The levels at which values should be fixed will present problems. For the sake of our export interests and the interests of Canadian consumers it is not desirable that the values should be such as to amount to a virtual embargo on the products in question. Yet they must be restrictive enough to provide adequate assistance to the affected Canadian producers. It will not be easy to find the values for a variety of goods which will effect an appropriate balance between these two requirements.

22. Assuming that Hong Kong cannot or will not apply export controls, the fixing of values for duty would appear to be the only device available to Canada under present legislation. In order to prevent Hong Kong's exports from undermining the Japanese controls on exports to Canada, the Committee expects it will soon become necessary to fix values on certain imports from Hong Kong. This will raise an awkward problem. Our trade agreement with Hong Kong is the General Agreement on Tariffs and Trade (to which Hong Kong is a party through the United Kingdom). The GATT escape clause in respect of damage or threat of damage (Article XIX) requires that any defensive measure be non-discriminatory. On a strict interpretation of this we would have to apply the same values on imports of these items from Japan even though

Japan had already co-operated by limiting its exports to an agreed figure. This would clearly be unreasonable, and we would therefore have to try to persuade Hong Kong that the measures Japan was taking were the equivalent of the measures we were applying against Hong Kong.

Quantitative Import Restrictions

23. This is a drastic measure and the Committee would not recommend its adoption at this time.

24. It may be accepted that the use of quotas allows fairly precise regulation of quantities actually imported. As compared with the application of fixed values over a wide range of items, import controls could be used more precisely to provide the degree of protection required while admitting reasonable quantities of sensitive imports. In relations with particular countries, import controls make it easier to strike an appropriate balance between the need for protection, and the need to provide for a reasonable volume of imports from important trading partners.

25. On the other hand, the disadvantages of employing quantitative restrictions are imposing.

(a) They would require new legislation. The Government would doubtless experience difficulty in confining the use of controls to imports from low-range countries. Canadian industries which experience competition mainly from Europe or the U.S. (e.g. automobiles) would feel as entitled to protection of this kind as industries which experience competition mainly from Asian countries.

(b) The widespread use of quotas on imports would prejudice our efforts to maintain and further promote non-restrictive terms of access for Canadian exports to important markets.

(c) The application of quotas to a few countries would raise the complaint of discrimination and would lead to serious difficulty in our commercial and political relations with Asian countries.

(d) The Government might well be drawn into a system of "rationing" the imports under quota. At a minimum, extensive machinery would be required to determine what importers would be licensed to import items under quota, and what volume of such trade could be conducted by individual firms.

General

26. The Committee feels it should point out that this problem of low-cost imports is likely to be a permanent one, increasing in scope and intensity. As time goes on it will be necessary for the Government to decide in more and more cases what low-cost goods from Asiatic and other developing countries are to be allowed to enter Canada in large volume over our ordinary tariffs, which are not a serious barrier to them. If the gains from trade are to be obtained both in export markets and cheaper goods for Canadian consumers, it will be necessary in due course for the Government (or some agency designated to act for it) to decide which Canadian industries are to be protected against such low-cost competition and in which lines, and which industries are to be allowed to succumb to such competition, either quickly or slowly. The Committee has not endeavoured in this paper to deal with this difficult problem of policy.

Procedures for Dealing with Representations Concerning Low-Cost Import Competition

27. Apart from decisions as to what actually might be done in present circumstances, there arises the question of whether existing procedures for examining and dealing with requests from Canadian industry for relief from oriental competition are, in themselves, adequate. Under present procedures requests are directed to the Department of Finance where officials study the request, ask for such additional information as may be available, make a judgment (having regard to the export and consumer interests as well as the problems of the Canadian producers) and submit a recommendation to the Minister of Finance. Once the Minister has

made a decision the officials (and in some cases the Minister himself) negotiate with the Japanese. Officials in Finance keep other Departments informed of what they are doing and invite their participation at crucial stages in the negotiations.

28. The *advantages* of this procedure are:

(a) it is relatively speedy, and

(b) the officials concerned can draw upon the special knowledge of the Tariff Section in Finance in respect of the situation of the industry involved.

29. The *disadvantages* are:

(a) it imposes a heavy burden on the Minister of Finance and on a few officials in Finance who have many other responsibilities and duties;

(b) since the procedures are private it is not obvious to the general public that all interests have been taken into account;

(c) it is not possible with present staff to carry out as full an analysis of each problem as might be desirable;

(d) it is not easy to convince the Japanese that their case has had a full and fair hearing and in particular that a fair assessment of damage to Canadian industry has been made.

30. In the light of the disadvantages in the present system, consideration has been given to what other procedures might be adopted instead. One possibility would be to refer each request to the Tariff Board. This would have the advantage that all parties concerned, including the Japanese, would have opportunities to submit their views and would recognize that an objective study of the problem has been made. On the other hand, the procedures would be slow even if the Tariff Board's agenda were not already over-crowded. Moreover, the combination of publicity and slowness of procedure would probably give rise to pre-emptive buying on the part of importers which would aggravate the existing problems. In any case since the Board already has as much work as it can carry out in the foreseeable future, it is considered impracticable to pursue the suggestion that the Tariff Board, as at present constituted, might take on this additional work.

31. The possibility that a new branch might be added to the Tariff Board to examine these requests has been considered. The advantage of this would be that an existing institution was being used, an institution which already had experience in organizing public hearings and analyzing submissions. Although additional staff would be required (in addition to one or more new members of the Board) the new staff could presumably be supervised by existing staff or at any rate initiated by them into the Board's methods of analysis. On the other hand, there would still be a number of disadvantages. The procedures could still be expected to be rather slow since organized public hearings would be involved. Hearings would be held in public and the danger of pre-emptive buying would exist under this system as much as under the first suggestion.

32. A third possibility is the setting up of a new agency which might carry out its consultations and investigations either in public or in private. One possibility might be that the "agency" would consist of one experienced person of recognized stature who might examine problems as they arose but might not necessarily have to devote full time to this. While this scheme would be free from some of the objections to the first two proposals, its success would be heavily dependent on the quality of the individual selected. Further, if its reports were made public they might prove embarrassing to the Government, while if they were kept confidential the Government could not use them in support of its decisions.

33. A fourth suggestion is that a small interdepartmental committee of four or five senior officials from the Departments concerned might be established for this purpose and given a small full-time staff. The Chairman would be an officer designated by the Minister of Finance.

The members of such a committee, particularly the Chairman, would have to be prepared to give priority to this work over departmental work and would probably have to devote considerable time to it at least initially. The committee might report through its chairman directly to the Minister of Finance. Once a course of action on a particular application had been approved, the committee could establish a small negotiating team from among its own members to negotiate with the Japanese on the basis of this decision. (It should be noted that none of the three earlier suggestions would themselves provide any alternative to the present system of having one Department carry most of the negotiating burden.) Such a committee could receive deputations, analyze data, consult other interests involved and so forth, but in private rather than in public. It would be useful also for the Committee to provide an opportunity for an applicant industry to make its case in the presence of Japanese representatives so that there would be confrontation of the various interests. One difficulty would be to obtain from the Departments concerned the service of really senior and experienced officials for a function which would involve so much of their time.

34. On balance, it is considered that the fourth suggestion merits consideration as an alternative to the present procedures.

Recommendations

35. In the light of the foregoing, the Committee is of the opinion that the following measures should be taken at this time to alleviate the present difficult situation and recommends accordingly.

(a) From now on, Japanese exporters should be required to furnish information to Canadian customs authorities in accordance with Canadian law so that a proper determination of the fair market value of their products can be made. If they do not, Section 40 of the Customs Act should be applied. Initially this step should be taken on a trial basis to see what the Japanese reaction is likely to be. Similar measures should be taken in respect of Hong Kong.

(b) The Japanese should be pressed to continue the existing system of voluntary restraints, and make it more effective, in cases where their exports are clearly having a disruptive effect in Canada.

(c) If the results of these measures are inadequate and imports of one product or another continue to flood in from Japan and cause material injury, fixed values should be applied in individual cases as necessary in accordance with the provisions of Section 40A (7)(c) of the Customs Act. If the Japanese adjust their volume of exports of a particular product, fixed values should be withdrawn.

(d) If Hong Kong cannot apply export restraints and imports from Hong Kong threaten disruption of the Canadian market for certain products, fixed values should be adopted as necessary. These values need not be applied on the same products from Japan if Japan is controlling exports of these products at an acceptable level. The matter should now be raised formally with the United Kingdom authorities.

(e) Consideration should be given to the possibility of establishing an interdepartmental group to receive and consider representations concerning low-cost import competition and to report thereon to the Minister of Finance and, when the question of fixed values arises, to the Minister of National Revenue, who would report to Cabinet.

R.B. BRYCE

573. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], December 8, 1960

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Transport (Mr. Hees),
The Solicitor General and Acting Secretary of State (Mr. Balcer),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Solicitor General (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny),
The Minister of Forestry (Mr. Fleming),
The Secretary of State (Mr. Dorion).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin), (Dr. Hodgson).

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LOW-COST IMPORTS

8. *The Secretary* as Chairman of the Interdepartmental Committee on External Trade Policy submitted a report on the problem of low-cost imports. The Committee made the following recommendations,

(a) From now on, Japanese exporters should be required to furnish information to Canadian customs authorities in accordance with Canadian law so that a proper determination of the fair market value of their products can be made. If they did not, Section 40 of the Customs Act should be applied. Initially this step should be taken on a trial basis to see what the Japanese reaction was likely to be. Similar measures should be taken in respect of Hong Kong.

(b) The Japanese should be pressed to continue the existing system of voluntary restraints, and make it more effective, in cases where their exports are clearly having a disruptive effect in Canada.

(c) If the results of these measures were inadequate and imports of one product or another continued to flood in from Japan and cause material injury, fixed values should be applied in individual cases as necessary in accordance with the provisions of Section 40A(7)(c) of the Customs Act. If the Japanese adjusted their volume of exports of a particular product, fixed values should be withdrawn.

(d) If Hong Kong could not apply export restraints, and imports from Hong Kong threatened disruption of the Canadian market for certain products, fixed values should be adopted as necessary. These values need not be applied on the same products from Japan if Japan was

controlling exports of these products at an acceptable level. The matter should now be raised formally with the United Kingdom authorities.

(e) Consideration should be given to the possibility of establishing an interdepartmental group to receive and consider representations concerning low-cost import competition and to report thereon to the Minister of Finance and, when the question of fixed values arose, to the Minister of National Revenue, who would report to Cabinet.

An explanatory memorandum had been circulated, (Memorandum, Chairman, Interdepartmental Committee on External Trade Policy, Nov. 8-Cab. Doc. 368-60).

9. *The Minister of Finance* said that the report had been made largely as a result of the difficulties over imports from Japan. Up to the present time his department, in consultation with officials from other departments, had been dealing with this problem. The government was now confronted with the question of whether the present system of voluntary quotas imposed by the Japanese was satisfactory. It was a slow and difficult process to work out these controls, but it seemed to him that there was no other course open at this time. The alternative was fixed values which would be a major change in policy, and would give rise to heavy pressure for the imposition of fixed values across the board on Japanese goods and perhaps on imports from other countries as well. The growing volume of imports from Hong Kong exacerbated the Japanese problem. These were especially difficult to control. The Japanese were becoming increasingly restive at being asked to restrict their exports while little was done about Hong Kong goods which were of the same general kind. Since Hong Kong was a colony of the United Kingdom, the matter was being formally raised with the U.K. authorities.

He noted that the Committee recommended that, if the voluntary system did not work effectively, fixed values should be applied. The Japanese Ambassador in Ottawa had taken the position that, notwithstanding the fact that the 1954 Trade Agreement with Japan provided for the use of fixed values in the kind of situation with which the government was confronted, trade relations with Canada were governed by the G.A.T.T. and Japan would therefore be entitled to compensation. Mr. Fleming had strongly disputed this contention.

The report suggested new procedures for dealing with representations concerning low-cost imports. These would involve a confrontation of Japanese and Canadian interests, which he considered would be helpful and lead to greater clarification and understanding of the issues.

Negotiations for next year's quotas would start soon. If they failed to produce acceptable quotas, then fixed values would have to come and they would probably have to be applied to most Japanese imports.

10. *During the discussion* the following points emerged:

(a) Fixed values should be applied at the start for next year's imports. The Japanese would spin out the negotiations interminably and all the while the Canadian market would be flooded with imports.

(b) On the other hand, while the negotiations on next year's quotas would be difficult, a move to fixed values would be sure to be criticized in Western Canada. That part of the country should come to understand the problems which arose in the Canadian manufacturing areas from trading with Japan.

(c) The government should consider quantitative restrictions. However, the Committee had not recommended this step at this time and had spelled out the reasons, all of which were cogent ones, for not following such a course. Quantitative restrictions would probably arouse even more criticism in Western Canada than fixed values. Furthermore, legislation would probably be required which would undoubtedly give rise to a keen debate in Parliament.

(d) It might be well to discuss the subject in caucus after the government had decided on a policy.

11. *The Cabinet* noted the report of the Interdepartmental Committee on External Trade Policy on low cost imports and agreed that a Cabinet Committee be established consisting of the Ministers of Finance, Trade and Commerce, Veterans Affairs, Agriculture, National Revenue, Labour and Fisheries, to review and report on the recommendations made and to consider, as well, the question of quantitative restrictions as a possible method of dealing with the problem.

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CHAPITRE IX/CHAPTER IX
LATIN AMERICA
AMÉRIQUE LATINE

PREMIÈRE PARTIE/PART 1
CUBA

574. DEA/11044-BU-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM ET-680 Ottawa, May 13, 1960

CONFIDENTIAL

Reference: Our Letter ET-156 of February 26, 1960.†

CANADA-UNITED STATES TALKS ON EXPORT CONTROL PROCEDURES

As indicated in our reference letter, we should be grateful if an External Affairs officer on your staff could be included in delegation for the talks beginning May 17. We understand that T&C will have a number of representatives both from Ottawa and from the Embassy, led by Mr. Schuthe.

2. We are most interested in Item 9, licensing to Cuba and the Dominican Republic, and Item 10, civil aircraft.

3. It might be appropriate for the External Affairs representative to speak on Item 9. He might commence by saying that in July, 1959, Cabinet decided in view of the unstable political situation in the Caribbean, that permits to export significant amounts of military equipment to the Caribbean area, except Colombia, should be refused.[1] This policy has been in effect ever since, and unlike United States policy, there was no relaxation last autumn. In effect, the policy has included not only items in Group 8, Part I, of the export control list but also other items which, although designed for civilian purposes, are in ordinary usage by armed forces. You have considerable information on file dealing with the Cuban application submitted last autumn for a Beaver aircraft. This application was only approved when we were satisfied that the aircraft was for the personal use of Mr. Castro.[2]

4. If questioned you may state that our general policy of exports of military equipment is now under review and consequently you are not in a position to state what our policy will be in the future. You might indicate, however, that for practical purposes there appears to be little likelihood of any easing in the present regulations.

5. As for Item 10(b) Canadian policy regarding export licensing for civil aircraft, will undoubtedly be influenced by the imminent review by Cabinet of policy with regard to export of military equipment since civilian aircraft capable of being used for military purposes will

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1 Voir conclusions du Cabinet, 30 juillet 1959./See Cabinet Conclusions, July 30, 1959.

2 Voir volume 26, chapitre X, 2e partie (b)./See Volume 26, Chapter X, Part 2 (b).

come under consideration in the review pending a decision on this review. It is the view of officials that where aircraft of this type are destined for a military organization of a foreign government (with some obvious exceptions) or where the supply might represent a substantial or significant addition to resources available for military purposes, an export sale might become a matter of concern, and should be treated as though it were a sale of military equipment to the country concerned. If this comes to represent Canadian policy the sensitivity of the area to which the aircraft is destined would become of prime importance. We doubt if a Cabinet decision will be taken before the forthcoming meetings. If one were taken we would inform you by telegram.

575. DEA/11044-BU-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 1319 Washington, May 19, 1960
CONFIDENTIAL
Reference: Your Tel ET-680 May 13.
Repeat T&C Ottawa from Ottawa.

CANADA-USA TALKS ON EXPORT CONTROL PROCEDURES

On the agenda item concerning Cuba and the Dominican Republic, USA Department of Commerce officials said that their controls on shipments to these countries were limited to aircraft and aircraft parts. For all other goods, general licenses were available for exports to these destinations. In recent months, licenses to export helicopters and light aircraft have been revoked and further applications to export civilian aircraft have been denied. Although applications for export of light aircraft had listed their end use for agricultural purposes, it was clear that it was intended to direct such aircraft to military purposes if they were received in Cuba or the Dominican Republic. There was one exception to this policy, which relates to Cubana the Cuban airline. Applications for export to this consignee may be approved if a thorough check through the State Department and USA Embassy in Havana reveals that such shipments are essential for the operation of the airline.

2. With regard to arms and ammunition controlled by the State Department, Breaux (Economic Defence Division of State) said that all such equipment is now embargoed to Cuba and the Dominican Republic. Breaux mentioned that the State Department had been concerned over a recent incident in which five military planes consigned from USA to Chile had been diverted to the Dominican Republic. He also said that the Cuban authorities are searching for facilities to repair a number of B26 Bombers. USA authorities had been successful in preventing the movement from USA of spare parts for these aircraft and had also been able to stop attempts to have them repaired in two other Latin American countries.

3. We provided the information contained in paragraph 3 of your reference telegram. USA officials did not repeat not raise any question on the points which we made.

4. Leading off the discussion of export licensing policy for civil aircraft USA officials said that there is a presumption of approval for export license applications except for Sino/Soviet bloc destinations. However, special attention is given to applications for export of civil aircraft to sensitive areas. At the present, these comprise Indonesia, the MidEast and North Africa, Hong Kong, and the Caribbean. USA Department of Commerce export control authorities

maintain a close liaison with the State Department on such applications. The areas to which special attention is given may change from time to time depending on political considerations.

5. We indicated that the Canadian authorities were presently reviewing their policy on the export of civil aircraft, with particular emphasis on the military significance of such shipments. We said, that although no repeat no decision had been reached, there seemed a good possibility that such sales might be treated as if they were sales of military equipment. The reaction of USA officials was that this seemed to be close to present USA policy on exports of civil aircraft. Mr. Schuthe will be reporting on the other items of the agenda following his return to Ottawa.

576. DEA/2444-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM ET-906 Ottawa, July 4, 1960

CONFIDENTIAL. OPIMMEDIATE.

Repeat Hague, Washington, Havana (OpImmediate) (Information).

SEIZURE OF FOREIGN OIL REFINERIES IN CUBA

We have been in touch with Canadian Shell Ltd., the Parent Company of Shell of Cuba, and although there is no direct Canadian participation in the Canadian holding company, we expect that we will be asked to protest formally to the Cuban Government against the seizure of the refinery in Cuba. Canadian Shell Ltd. is owned sixty per cent by Royal Dutch and forty per cent by Shell Transport and Trading. In determining what action if any we will take we are anxious to learn urgently what type of action the UK and Netherlands governments may be contemplating.

577. DEA/2444-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 2024 London, July 4, 1960

CONFIDENTIAL. OPIMMEDIATE. PRIORITY.

Reference: Our Tel 2010 Jul 4.†

Repeat Washington, NATO Paris (Priority) (Information).

By Bag Caracas, Havana from Ottawa, Hague from London.

UK NOTE TO CUBA ON SHELL OIL REFINERY SEIZURE

We saw Parsons of Foreign Office Cuba desk and Fearnley of Economic Relations Department, who is Foreign Office's oil expert, this afternoon. They gave us text of proposed UK note to Cuba about Shell seizure. We are repeating text in our telegram 2025 July 4.† Text has been sent to UK Ambassador today. Note will be delivered today or tomorrow with this text subject to amendment by UK Ambassador in Cuba. Fearnley thought there would be few

if any amendments. Foreign Office will let us know when the note has been delivered. After delivery a summary of the note will be released to the press.[3] Fearnley pointed out that UK note emphasized general and commercial grounds for protest but that last paragraph reserved UK Government's legal rights including the right to claim on behalf of British interests involved.

2. As forecast in our reference telegram, Foreign Office spokesman told press today that UK was to deliver strong protest note and that UK had been in touch with USA, Netherlands and other governments. Parsons did not repeat not know whether any specific reference had been made to Canadian Government.

3. Foreign Office intended to ask Earnscliffe today to approach you about a possible Canadian note but had decided, in view of our previous discussions with Foreign Office, to make the approach formally through us. Fearnley said UK did not repeat not think it a good idea that the governments concerned present identical or very similar notes or to deliver them simultaneously since this would look like "ganging up." UK Government would hope that Canadian Government might decide to deliver a note of protest about the Shell seizure soon. Fearnley pointed out that Cubans might consider it strange if the government with the strongest legal *locus standi* did not repeat not make a protest soon when the other governments concerned were doing so. Failure of Canadian Government to do so might weaken the effect of the protests by other governments. UK would understand if in view of the legal complexities involved we might wish to make at first a general protest containing the same reservation of legal rights and claims as in UK note. Fearnley said that our interests in Shell de Cuba were much less of substance than UK and Dutch interests, but he pointed out that Canadian failure to protest about Shell seizure might prejudice our other and more substantial commercial interests in Cuba. Fearnley also pointed out as a minor consideration that Canadian shareholders did in fact own 1.8 percent of Dutch and UK members of Shell International who own Canadian Shell.

4. UK were in touch with Netherlands Government which Fearnley expected to deliver a protest note soon. USA Government had decided to deliver a strong protest about Texaco and Standard Oil refinery seizures and had perhaps already submitted the note. USA note would also be based on general grounds but would make somewhat fuller reference to legal position. USA Government would however follow up with more detailed legal arguments.

5. UK also intend to present a full legal case to Cubans in due course. Fearnley said that Shell were now convinced that it had strong legal case because 1938 law (paragraph 5 of our telegram 2003 June 30)† was void as far as the three foreign owned refineries in Cuba were concerned as the result of a 1954 Cuban law governing petroleum refineries. Fearnley had seen Lord Shawcross this afternoon and Foreign Office lawyers were now considering Shell's latest views on legal position which Fearnley understood were shared by USA State Department legal experts. According to Fearnley, Shell International had asked Canadian Shell in Toronto to pass on to you on June 20 a memorandum outlining Shell's legal views at that time. Shell International has today instructed Shell in Toronto to pass on to you the up-to-date Shell legal views.

6. Fearnley pointed out that the protest note was strongly worded. He emphasized, however, that, although UK patience with Cuban Government was wearing thin, UK note did not repeat not represent the beginning of a new UK get-tough policy with Cuba but was designed to protect UK commercial interests in Cuba. The note did not repeat not contain any wider political references such as to dangers of Cuba becoming dependent on Soviet bloc.

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[3] Voir/See Walter H. Waggoner, "Britain Protests Shell Plant Loss," *New York Times,* July 6, 1960, p. 3.

7. Fearnley asked us to assure you that Foreign Office was not repeat not thinking in terms of an economic boycott or embargo against Cuba. Foreign Office thinking had not repeat not progressed beyond legal follow-up to first protest note. When asked if this might be prelude to reference to International Court or other international legal action he said that this was looking too far ahead for him to answer. The same applied to question of an approach to UN.

578. DEA/288-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL Ottawa, July 6, 1960

INTERVENTION BY THE CUBAN GOVERNMENT IN THE OPERATIONS OF THE SHELL COMPANY

Mr. Ian Davidson, the President of Canadian Shell Limited, called on me yesterday to ask if the Canadian Government would make a formal protest to the Cuban Government over the seizure last weekend of the Shell refinery in Cuba. I replied to Mr. Davidson that this was a very worrying issue, not only with respect to the international legal complications but more particularly for the political and economic implications of the existing situation. I undertook to bring this matter to your attention and to inform Mr. Davidson eventually of the Government's decision.

We have now reviewed this matter carefully in the Department and I would recommend that we instruct our Ambassador to make representations of a very moderate nature, but avoid taking a position which would in any sense compromise our future activities both as regards protection of other Canadian interests in Cuba or our ability to play an effective role should a crisis of serious proportions arise. Our approach to the Cuban authorities is very unlikely in itself to influence them to reverse their decision. However, our position generally in Cuba is likely to be more effective if we refrain from adopting the vigorous and stiff tone of the United States and United Kingdom protests.

As you know, Canadian Shell Limited, which owns all the stock in the Shell Company in Cuba, is a holding company incorporated in Canada but in which 60% of the ownership belongs to Royal Dutch and 40% to Shell Transport and Trading (United Kingdom). Although there is no direct Canadian participation in the company, Canadian Shell Limited, which is the headquarters for all of the Western Hemisphere operations of Shell, have behaved very respectably and paid annual taxes in Canada of between $2½ million and $3 million. Their payroll in Canada is reported in excess of $1 million annually. In addition to the modest employment benefits from this company there is, of course, the very substantial investment of Shell in its own Canadian affiliate, the Shell Oil Company of Canada. In normal circumstances there is reasonable doubt in both legal and economic terms as to how far the Canadian Government should support abroad claims of foreign-owned companies, merely incorporated in Canada for purposes of convenience. However, in present circumstances, failure to take some action in support of Canadian Shell Limited with its commendable record might create a false impression that Canada was not prepared in appropriate circumstances to take adequate measures to protect the foreign interests of companies incorporated in Canada.

In addition to this obligation with respect to Canadian based corporations, we also have a genuine interest at this time in preserving, if possible, at least some share of the Cuban market

for Venezuelan oil. The permanent loss of its entire Cuban market, which now amounts to about 100,000 barrels a day for Venezuela, will probably mean that the latter country will look to the United States and to Canada for increased markets. At this time when the Montreal pipeline is under study in Canada it would be very difficult for us to make any commitments. In fact, any decision to go ahead with the pipeline should take into account that this would come as an additional blow to existing Venezuelan sales, which could provoke a very grave crisis in Venezuela itself. Moreover, if the Venezuelans turn to the United States as an increasing outlet, any accommodation provided by the United States might be at the expense of our own preferred access (through exemption from the oil quotas) to the United States market.

For the reasons mentioned above we believe that steps should be taken to express our concern over these developments. However, we may not wish to go as far as the United Kingdom, who are presenting a very strong and critical note to the Cuban Government. It is expected that the Netherlands will probably protest equally vigorously. A formal protest from the United States has also been sent, and last week Congress authorized the President to reduce the sugar quota and it is expected that the President will use this authority to sharply curtail exports of Cuban sugar to the United States as a form of economic sanction against Cuba.

The first shipment of Soviet oil has arrived in Havana and it is generally considered that the Soviet Union will find adequate shipping to transport at least the 30,000 barrels per day which the Soviet Union have undertaken to supply. Incidentally, in view of the decreasing industrial activity in Cuba, this amount of Soviet oil may be considered as almost adequate to meet most of Cuba's needs. Any economic squeeze on Cuba, in terms of oil supply, is, therefore, very limited in its potential. In any event, the Soviet Union is in a position to step up these exports if it so desires. Also, in the opinion of Mr. Davidson, the foreign refineries which have been seized could be operated quite satisfactorily by the Cuban personnel who have remained and who are under the direction now of the Cuban Petroleum Institute.

The general mood in Washington about Castro, which is bound to be exacerbated by his recent actions and the inflow of Soviet oil and technicians, could result in stern reprisals against Cuba and further aggravation of the already highly strained relations between the United States and Cuba. This coupled with the very stiff United Kingdom note could possibly lead to an explosive situation in the immediate future. If this should go so far as to lead to a complete breakdown of relations between Cuba and the United States, and possibly the United Kingdom, we may wish to ensure that we have preserved our own position so that we would still retain some influence to protect other Canadian interests in Cuba (largely banking and insurance). Moreover, and more important in the long run, if this situation should deteriorate to the point of a crisis involving, perhaps, the United Nations, we might wish to keep ourselves free to play a mediating role.[4]

Finally, it is not clear now what reaction will come from Venezuela and from the Latin American countries generally (many of which have their own nationalized oil industries, including Mexico and Brazil). Dr. Castro's relations with a number of these countries have deteriorated recently, but so far there has been no open expression of condemnation of his activities. In fact, some of them with substantial foreign operations in their own countries may be watching the outcome of Dr. Castro's actions very carefully.

I suggest that for the present we should instruct our Ambassador to call on the Cuban Foreign Minister to point out that Canada is concerned by the trend of developments in a country with whom we have maintained very close and cordial relations. He could express our sincere interest in Latin America as a region and our desire to play a constructive role in

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[4] Note marginale :/Marginal note:
This may be exaggerating the possibilities of Canadian influence. [N.A.] R[obertson]

seeking sensible solutions. He should be careful to point out that we were not challenging the Cuban Government's actions with respect to the import of Soviet oil. He might express our regret, however, at the existing situation, which now involves Shell of Cuba, an affiliate of a company incorporated in Canada. In this connection, we might state that Canada, as a developing country, has been aware that foreign investment can lead to certain problems, but that we also recognize that it can play a beneficial part in promoting industrial expansion and the improvement of living standards. We should point out that the company in question is proposing to take their case before the Cuban courts and we would hope that it would be given careful and equitable consideration. It could also be pointed out that Canadian Shell Limited, the parent investor, had a very good record of investment and operation in both Cuba and Canada. We would hope, therefore, that the Cuban Government would take note of our views and endeavour to find solutions which would be acceptable and equitable for all parties concerned.

In this way we would avoid a stiff, formal and written protest that might be quoted out of context by Dr. Castro. It would not, in fairness, permit him to categorize our representations with more vigorous actions which might be taken by the United Kingdom and the United States. It would leave us free to play an independent role should the situation deteriorate seriously. At the same time, you could inform the House that the interests of Canadian Shell Limited were being protected to the extent possible, and that this matter had been raised with the Cuban Government with a view to seeking a harmonious and equitable solution.

If you agree with this course of action, we will prepare a telegram of instructions for our Ambassador in Cuba. If you agree, I should also like to be authorized to inform Canadian Shell Limited of what we propose to do.

I am attaching an additional copy of this memorandum in the event that you wish to send it to the Prime Minister for his views.

N.A. R[OBERTSON]

579. DEA/288-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL Ottawa, July 8, 1960

CUBAN SHELL

The United Kingdom High Commissioner called on me this afternoon and left the attached Aide Mémoire† in which the United Kingdom Government is urging us to make representations to Cuba on behalf of Canadian Shell Limited in support of action which is being taken by the United Kingdom and Dutch Governments. In accordance with our earlier conversation, I informed the High Commissioner that in the present circumstances it was the intention of the Canadian Government not to make representations to the Cuban Government. I explained that we had some misgivings about the wisdom of exerting strong pressure on Dr. Castro at this time and how effective this would be in securing any relief for the oil companies. I also explained that we were somewhat distressed that while the United Kingdom were now pressing us to take action, they had not, in fact, consulted us before they instructed their Ambassador to deliver a note to the Cuban Government. (We were given a copy of the United

Kingdom note to Cuba the same day that their Ambassador in Havana was instructed to deliver it, but there was no advance consultation.)

I have also spoken to Mr. Ian Davidson, the President of Canadian Shell Limited, to inform him of the Government's decision not to make representations at this time.

I am also enclosing a copy of the note which has been sent to the United Kingdom in reply to their note.† Apart from the introduction the Cuban note is, on the whole, quite restrained and indicates that the act of intervention had been in accordance with the laws of Cuba and had been made necessary by the failure of the Shell Company to comply with a request of the Cuban Government.

In pressing us to take action, the United Kingdom High Commissioner in his Aide Mémoire makes a good deal of the fact that representations by the Canadian Government on behalf of Canadian Shell is the most correct legal procedure since the Canadian incorporated company holds all of the shares in Cuban Shell. It is also suggested that unless the Canadian Government explicitly reserves its position at this time the case might be considered as having gone by default, thereby prejudicing the United Kingdom and Netherlands interests. Our Legal Division is examining these statements so that we will have a clear picture of the formal legal position with respect to any present or future claims.

I am attaching an additional copy of this memorandum and its attachments in the event that you might wish to send these on to the Prime Minister with your own comments.[5]

N.A. R[OBERTSON]

580. DEA/10224-40

Note de la Direction de l'Amérique

Memorandum by American Division

SECRET [Ottawa], July 7, 1960

CUBA

In assessing the present situation in Cuba, it is necessary to start from two basic facts:

(a) There has been a political and social revolution in Cuba of such depth as to strike at the roots of the nation. This revolution is strongly nationalistic in flavour and is resulting in a series of severe but long-needed reforms, e.g. the land reform and the "Cubanization" of foreign interests. The United States and Canada have supported the principle of such reforms as set out in resolutions of the General Assembly of the United Nations. Since United States interests held such a large portion of the land and of the investments, there existed a latent anti-Americanism and these reforms soon took on an anti-U.S. appearance. Similar reforms are taking place — though at a slower pace — in several other Latin American countries. In our view, the changes would have the approval of the majority of the Cuban people.

(b) Communist and para-Communist elements have infiltrated the Government and most political and social organizations in the country.

This being granted, countries whose interests have suffered most from these reforms seem to be faced with the following courses of action:

(a) to be extremely patient, understanding, and cooperative, remembering for instance, the bloody and xenophobic route travelled at first by the Mexican Revolution, in the hope that

[5] Note marginale :/Marginal note:
Seen by SSEA 8/7. R. C[ampbell]

matters will run their course and settle down a few years hence. When Castro came to power, he was the leader of a coalition of dissident groups formed in July 1958. There is strong reason to believe that members of some of these groups are now disenchanted with his leadership. This assessment explains the defection of some former Castro supporters. If active outside intervention is avoided, it may be that the Cubans will themselves bring about changes in the government which will produce a more satisfactory régime.

(b) to throw Cuba out of the fold;

(c) to adopt any third choice which may not be clearly discernible at this stage.

In this connection, the course of action now adopted by the U.S. Government in seeking to have Cuba condemned as a threat to peace by the Inter-American Peace Committee and to bring economic pressures on Cuba through such measures as manipulation of the sugar quota seems to be dangerously bold.

If the U.S. course of action succeeds, the following results may be expected:

(a) Castro will be overthrown.

(b) A U.S.A.-dominated government will probably take over. It will have nobody's respect and certainly little real following in Cuba.

(c) Cuba will be in a continuing state of unrest and possibly of smouldering civil war.

(d) The reaction in Latin America may be safely predicted to be one of revulsion more extreme than when the Arbenz Government was overthrown in Guatemala. The Latin Americans are quite able among themselves to assess Castro at his true value but they will not tolerate gross U.S. intervention against him.

(e) In the U.N. and before world opinion generally, the U.S. will stand accused of "Dollar Diplomacy" at its worst.

(f) Such U.S. intervention against Cuba will be in complete contradiction to the U.S.'s own stated doctrine as reflected in the so-called Dulles resolution adopted by the OAS at Caracas in 1954.[6]

(g) On a broader basis, it will encourage and support absentee ownership and foreign control of significant national undertakings.

If the course of action fails:

(a) Castro or someone else close to him, and perhaps more to the left than he is, will remain in power, thanks — it may be expected — to outright economic help professed by the USSR, Communist China and their associates.

(b) Castro will be in their debt to an extent that Cuba must be written off by the Western world for generations. Castro will be so solidly entrenched that his successor will have to follow the same anti-U.S. line.

(c) Castro will have no choice but to push the U.S. into the sea at Guantanamo and deprive them of their base. In turn, to pay off his debt he may have to grant submarine bases, etc., to the USSR.

(d) The USA and their friends will lose prestige in Latin America and throughout Asia and Africa.

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[6] Voir/See "The Caracas Resolution," *New York Times*, March 8, 1954, p. 26.

581. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], July 9, 1960

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Solicitor General and Acting Secretary of State (Mr. Balcer),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Martin).

. . .

CUBA

3. *The Secretary of State for External Affairs* said that the President of Cuban Shell Oil Company had discussed with him the situation of his company, which had been taken over by the Castro régime. The company had been incorporated in Canada but was wholly owned by United Kingdom and Netherlands interests. Both the U.K. and the Netherlands had made protests to Cuba. Cuban Shell's President had suggested that Canada protest strongly against the seizure. On the other hand, the head of Canadian Shell had said it would be wise to do nothing. In the circumstances, his department had recommended a mild protest. However, time had passed and nothing had been done. This was probably the best course because it might enable Canada to use her influence later on to try and alleviate the situation. Furthermore, there were Canadian financial and insurance interests in Cuba on whose behalf the government might be called upon to act; it would seem wise to reserve Canada's position in case it might be needed to protect them.

4. *During the brief discussion* Mr. Khrushchev's statement about using rockets against the United States to protect Cuba was mentioned. Cuba was fast becoming a Communist base in North America. While the U.S. had been patient, it should have been more friendly towards Castro over a year ago. The situation was worrying.

5. *The Cabinet* noted the report and discussion on the situation in Cuba.

. . .

582. J.G.D./XII/A/232

L'ambassadeur des États-Unis
au premier ministre

Ambassador of United States
to Prime Minister

SECRET Ottawa, July 11, 1960

Dear Mr. Prime Minister:

I have been asked to deliver to you the following message from President Eisenhower:

"July 9, 1960

"Dear John:

"I have had hopes that the Castro régime would somehow adopt a more reasonable attitude toward not only its own internal affairs but also those in this hemisphere. This is why I have used so much restraint in the face of extreme Castro provocation. It now seems clear that my hopes have not been borne out. We are facing a serious situation in the Caribbean which is obviously inviting Soviet penetration of the Western Hemisphere in Cuba.

"I thought it might be useful for Secretary Herter to discuss the question with Mr. Howard Green when they meet in Ottawa this coming week.[7] I would be most grateful if the views of your Government about this tragic situation would be made known by Mr. Green to Mr. Herter at this meeting, for I believe it is a question of very great importance to the Western community and may have course of events in Latin America and the security of the Western Hemisphere.

"With warm regard,

Sincerely,

IKE"

With kindest personal regards,

Sincerely,

RICHARD B. WIGGLESWORTH

583. DEA/2444-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures
pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs
to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], July 11, 1960

CONVERSATION WITH THE MEXICAN AMBASSADOR
CONCERNING THE CUBAN SITUATION

At my invitation, the Mexican Ambassador called on me at 5.30 today.

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[7] Voir/See documents 302, 586, 587.

2. I explained that I wished to discuss with him certain questions concerning Cuba because Cuban-United States relations are to be considered by the Security Council within the next few days. I added that our desire to discuss this problem with Mexico was related to three major considerations:

(a) we assume that Mexico, as a North American country, shares our concern that relations between Cuba and the United States should develop in a peaceful fashion;

(b) Mexico has experienced a social and economic revolution similar to that taking place in Cuba and may be in a position to make a special contribution as to courses which could be adopted by countries friendly to the United States and Cuba;

(c) Mexico, like Canada, has an interest in the future policies which may be adopted by the United States as a result of the controversy with Cuba. It is to be hoped that such policies will be positive in terms of, say, investments abroad and relations with other countries in the hemisphere.

3. I asked the Ambassador whether there was anything he could tell me concerning the policy of his Government as to the Cuban intervention as regards United States refineries. The Ambassador said that the Mexican Government was anxious to maintain a position of impartiality concerning the Cuban measures and the United States reaction. He said that the statement which had provoked such extensive comments had been made by Mr. Sanchez Piedras, who is a Congressman and temporarily Chairman of the Permanent Committee of Congress. This is a Committee made up of a senators and congressmen who meet while Congress is not in session. Mr. Piedras spoke in his personal capacity and his remarks concerning Cuba were incidental to a general statement. In the course of the statement, he said that Mexico was concerned about developments in Cuba, had sympathy with the difficulties which were experienced by Cubans and that Mexicans hoped that the solution which would transpire in due course would be in accordance with the liberal spirit which was favoured by the more progressive elements in the Western Hemisphere. Both the Foreign Office and the President's own office had been careful not to make any statement on the issue. On Saturday, however, Senator Moreno Sanchez, who is Government Leader in the Senate and senior Senator on the Permanent Committee, commented to the press that he, like Congressman Sanchez Piedras, is not in a position to formulate policy. He took this opportunity to say that Mexicans hoped that a peaceful and constructive solution to the problem between Cuba and the United States would be found but that he could not, as a Senator, give judgment on the rightfulness of the action taken either by the United States or by the Cuban Governments. He stressed his hope that reason would prevail. The Mexican Ambassador said that public opinion in his country had not been too sympathetic to the Castro Government until recently and that there had been a slight shift in favour of Castro chiefly because of the action taken by the United States Congress. He added that there was a tendency on the part of leftist elements to provoke an issue on this but that the Mexican Government had done their best to maintain a non-committal attitude. As to relations with the Castro Government, there were both favourable and unfavourable elements. There was naturally sympathy for nationalization measures and economic nationalism but the Castro Government had landed agents in Mexico and this had created some difficulties. There had been also some question whether Mexico could export oil to Cuba. The Ambassador said that about 90% of the Mexican production was required for domestic purposes. The Mexicans were exporting some oil through their Eastern ports to the United States but importing the equivalent quantity from their ports on the Pacific coast. It was possible, however, if this were necessary to prevent Soviet domination of the Cuban market, that Mexico might join some other countries in export arrangements but this would have to be on the understanding that the quantity exported would be made good somehow.

4. I then asked the Mexican Ambassador whether his Government had been consulted by the U.S. Government as to recent moves taken in relation to Cuba. The Ambassador said that his colleague in Washington had been called to the State Department during the last few days. He assumed that this was to obtain clarification of the statement made by Congressman Piedras. Beyond that, his impression was that the United States had not taken the Mexican Government in to their confidence concerning possible courses of action which could be adopted in relation to Cuba.

5. The Ambassador said that his colleague in Cuba has been in Havana for a long time and knows the country very well. He added that he is a wise, careful and balanced man and that he would rely considerably on his judgment and discretion. He thought that his relations with the Foreign Minister would be excellent as, some time ago, the Foreign Minister had sought refuge in the Mexican Embassy.

6. I expressed my gratefulness to the Ambassador for the information he gave me concerning the attitude of his Government concerning United States-Cuban relations. The Ambassador said that he would report our conversation to his Government and he would communicate later if he received anything which could usefully be brought to our attention.

7. In the course of the conversation, the Mexican Ambassador who, I understand, was Permanent Mexican Representative to the United Nations in New York some time ago, referred to the Guatemalan case: he hoped that the United States would not now, as they apparently did in connection with Guatemala, oppose discussion of the Cuban situation by the Security Council on the grounds that the whole matter has to be referred first to and dealt with the O.A.S. The Mexican Ambassador said that a number of Latin American countries are not prepared to agree that the Security Council has no jurisdiction in such cases. The Mexican Ambassador thought that it would be preferable to have a discussion first in the Security Council and then to have the matter referred by the Security Council to the O.A.S., if necessary. For the United States to agree that the Security Council could deal with the matter involves the suggestion that the O.A.S. is somehow under their control and that they can expect to achieve there, because of their influence, a more favourable decision than in a United Nations forum.

8. In summary, therefore, it would seem that the Mexican Government have maintained a reasonably neutral attitude in spite of some domestic pressure concerning the Cuban-United States controversy. They have not been consulted by the U.S. Government as to possible courses of action in relation to Cuba and the Mexican Ambassador in Havana might be in a position, either alone or possibly in conjunction with our own Ambassador, to have useful conversations with the Cuban Government.

M. CADIEUX

584. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], July 12, 1960

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Solicitor General and Acting Secretary of State (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),

The Minister of Trade and Commerce (Mr. Churchill),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

. . .

CUBAN SITUATION
(Previous reference July 9)

2. *The Prime Minister* said he had received a letter from the President of the United States stating that the U.S. authorities were very concerned about developments in Cuba and their implications for the security of the Western Hemisphere. Mr. Eisenhower had suggested that Mr. Herter and Mr. Green could usefully discuss the problem at the meeting of the Canada-U.S. Committee on Joint Defence and had said that the U.S. would welcome the views of the Canadian government on the situation.

3. *The Secretary of State for External Affairs* said he had not much to add to his previous report. He was turning over in his mind a plan whereby Canada and Mexico might respectively make suggestions to the United States and Cuba for easing tensions between them. The recent remarks by a Mexican Senator in support of Cuba did not represent the official views of the Mexican government. Nevertheless, the Mexicans obviously had some sympathy towards the Castro régime. U.S. actions against Cuba would not win much support from other Latin Americans. Cuba was attempting to have the present issue inscribed on the Security Council's agenda.

4. *During the discussion* the following points emerged:

(a) It was one thing to talk to the U.S. Secretary of State about Cuba but it would be a tremendous blow to the pride and prestige of the U.S. if Canada was to state publicly an intention to intervene in the dispute.

(b) To this it was said that there was no question of public intervention. If the Minister's idea was followed up, Canada would be simply speaking on behalf of the U.S. and Mexico on behalf of Cuba in discussions which might be arranged with a view to easing the present tense situation. The immediate point was whether Mr. Herter should be told at the meeting of Canadian and U.S. Ministers that Canada did not see much hope in continuing the present course and would be glad to help in any way it reasonably could.

(c) Somehow a *modus vivendi* had to be arranged between the U.S. and Cuba. Mr. Eisenhower had asked for Canada's views. The Minister had suggested something in general terms and the question was whether this or other ideas should be pursued. The present situation was extremely serious for the Western Hemisphere and something had to be done. It was not true to say that this was a Communist coup in Cuba. It was a revolt of the poor and downtrodden which the Communists were skilfully exploiting.

(d) The U.S. could not back away from the action they had taken regarding the Cuban sugar quota.[8] It would have been better if they had consulted Canada first before doing what they had done.

(e) The U.S. were probably going to raise the whole mater in the Organization of American States.

(f) The most serious problem would arise if Cuba decided to take over the U.S. naval base on the east end of the island. Would the U.S. give in to this? Some Ministers thought they would. Others felt they would not in view of the possible Soviet submarines threat which such action would pose. Whatever happened, Canada was bound to be involved one way or another.

(g) At the Montebello meeting, the U.S. authorities should be pressed for information, and in particular they should be asked what they would do if Castro took over the naval base.

5. *The Cabinet* noted the discussion on the Cuban situation and the attitude to be adopted on this matter by Canadian Ministers at the forthcoming meeting of the Canada United States Committee on Joint Defence.

. . .

585. DEA/2444-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 1880 Paris, July 13, 1960

SECRET. PRIORITY.

Reference: Your Tel X-196 Jul 12.†

Repeat London, Washington, Hague (Information).

By Bag Havana from Ottawa.

CUBA

In Council today Nolting (USA) made a comprehensive and thorough statement on the situation in Cuba and of USA policy towards the Castro régime. He repeated some of the material already given to the PAC but it was clear that USA wished to give its allies the fullest information before seeking their assistance.

2. Nolting reviewed the evidence that the régime is communist-dominated. He mentioned among other things: full communist integration in the government; the fact that the communist party is the only political party which is allowed to exist; their effective control of the army and security forces; their infiltration in key ministries; and the prior communist connections of leading members of the government. The result of all this, Nolting said, was that the Castro régime was no repeat no ordinary nationalistic and anti-imperialist government. Castro displays a revolutionary and missionary zeal for spreading his influence in Latin America. His anti-agrarian reform policy resembles the collectivization procedures of communist régimes designed to liquidate the middle class and independent farmers.

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[8] Le 6 juillet, les États-Unis réduisent le contingent de sucre. Voir « President's Statement », *New York Times*, July 7, 1960, p. 8.

The United States cut the sugar quota on July 6. See "President's Statement," *New York Times*, July 7, 1960, p. 8.

3. The Soviet Government remained in the background until Mikoyan's visit to Cuba in January. Before this time, however, communist parties in Latin America were instructed by Moscow to support Castro and, through him, to strike at the USA. In their sugar purchases, their missile warnings and their efforts to ferry oil to Cuba, the Soviets have now come out into the open in support of Castro. USA doubts that USSR would initiate a conflict over Cuba but they will try to sustain Castro and. if they fail, to show up this USA as an aggressor. There is a possibility of overt transfer to Cuba of Soviet bloc arms.

4. The Castro régime represents a serious threat to the inter-American system. It does not repeat not yet have the strength to overthrow other governments in Latin America but it has a strong propaganda machine which already inhibits other Latin American Governments from supporting action against Castro through the Rio Treaty. USA hopes that Castro's fanaticism will make the other Latin American republics bolder in supporting any OAS action which may be necessary and obtainable.

5. A further serious threat to the inter-American system lies in the possible early collapse of the Dominican Republic. Trujillo's exposed position has been aggravated by his reckless activity of late and especially by the attempted assassination of the President of Venezuela.[9] Most Latin American leaders would welcome his downfall. USA cannot repeat not support Trujillo but there does not repeat not appear to be an alternative to him which is not repeat not pro-communist or pro-Castro.

6. In the face of the situation in Cuba, USA feel there is only one solution which would avoid the extremes of intervention in Cuban affairs or acquiescence in communist domination; it is the creation of concerted international pressure to prevent the spread of Castroism in Latin America and to isolate the régime in order to demonstrate the results of its policy to the Cuban people who, it is hoped, will take the initiative themselves to throw out their communist leaders.

7. In particular, USA would like assistance from its NATO allies:

(a) *At the UN.* In putting a complain before the Security Council, the Castro régime has deliberately by-passed the OAS in a further effort to discredit the inter-American system. USA position on inscription of the item is still to be taken and they do not repeat not wish to stifle discussion in the UN. If the complaint is heard, the USA will insist on Cuban responsibility under the Rio Treaty to seek recourse in the OAS first. They hope that other NATO governments will support this line.

(b) *Economic Steps.* The USA hope that their allies will take discreet economic steps to control Castro and the communists. In particular, they hope that use of the free world tankers fleet will be denied to the Cuban Government since it brought on its present difficulties by seizure of British and American refineries in defiance even of Cuban law. As the USA estimates that the USSR alone cannot repeat not provide the 35-50 tankers needed to supply Cuba with petroleum, a singular opportunity is thus offered to dramatize even for a short period the orientation of Castro's policies and the result of complete dependence on the communist bloc.

(c) *Arms.* The USA hope that Cuba and the Dominican Republic will be denied all access to arms shipped from free world sources. The Castro régime already possesses arms in greater quantities than the Battista régime ever held and further shipments would only increase its potential to suppress opposition and foment revolution in Latin America. No repeat no collective NATO action is sought but in independent action by the NATO member countries,

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[9] Voir See G. Barraclough, *Survey of International Affairs 1959-1960* (London: Royal Institute of International Affairs/Oxford University Press, 1964), p. 494.

much can be done. It is recognized that an arms embargo will be used by Castro as a public justification of arms purchases from the communist bloc. In the face of his already heavy dependence on the communist bloc, the USA feels the factors in favour of an arms embargo outweigh those against one.

8. The other members of the Council were very appreciative of this USA exposition. The German representative repeated his statements to the PAC that there are many signs that Castro is likely to recognize the DDR soon, the UK representative reported that his government will continue to refuse to grant licences for exports of arms to key countries in the Caribbean.

9. At Spaak's request, Nolting has agreed to circulate a summary of his remarks. It was agreed that discussion should resume on July 20 when representatives could comment on the USA requests for assistance. Spaak noted, however, that with regard to action in the Security Council only Italy, France and the UK are at present members and consultation on action at the UN can presumably take place outside Council.

10. We should be grateful for your comments on the questions raised in this telegram and also on the problem of sugar purchases. While it is true that the USA has waited to seek its allies' assistance until its own policy was settled, nevertheless we think this American initiative in Council should be regarded as a step in the processes of NATO consultation.

586. DEA/2444-A-40

Note du sous-secrétaire d'État aux Affaires extérieures

Memorandum by Under-Secretary of State for External Affairs

TOP SECRET Montebello, July 13, 1960

THE CUBAN SITUATION[10]

At the request of the United States Ministers, a limited meeting of Ministers to discuss the Cuban situation was held in Mr. Green's sitting room from 8.30 pm to 10.00 pm last night.

The United States were represented by Mr. Anderson, Secretary of the Treasury, Mr. Gates, Secretary of Defense, Mr. Livingstone Merchant, Under-Secretary of State for Political Affairs, and Mr. Wigglesworth, United States Ambassador to Canada. On the Canadian side were Mr. Green, Mr. Fleming, Mr. Pearkes and Mr. O'Hurley. Mr. Heeney, Canadian Ambassador to the United States and Mr. Robertson were also present.

Mr. Anderson began by referring to President Eisenhower's letter to Prime Minister Diefenbaker regarding the situation in Cuba which the United States Government viewed with great anxiety. The President had hoped that the Secretary of State would have been here to present the American views. Mr. Anderson wished to emphasize that this consultation with Canadian Ministers was preliminary to consultation on the Cuban situation in the North Atlantic Council. The United States Government felt that for practical purposes the Cuban Government had to be regarded as already under Communist domination. He reviewed the development of events during these last months leading up to the seizure of the foreign oil refineries and the threat of expropriation of all American investments in Cuba. The hostility of the Cuban Government to the United States, its efforts to undermine and overthrow other régimes in the Caribbean area, its economic and financial arrangements with the Soviet Union

[10] Note marginale :/Marginal note:
Seen by P.M. [Auteur inconnu/Author unknown]
Voir/See document 302.

and its procurement of weapons from Iron Curtain countries, marked the direction in which the Cuban Government was moving. If the United States took no further action and "sat on its hands," there was a very grave risk that within five or six months Castro's Cuba would be a fully fledged satellite in the Soviet system — a powerful base for subversive Soviet propaganda in Latin America and a physical threat to the security of the United States and of the free world.

To meet this situation, the United States were considering the institution of economic sanctions against Cuba which would bring home to the Cuban people the disastrous damage which Castro's policies were inflicting on them. They contemplated following up the cancellation of the United States preferential quota for Cuban sugar by blocking all Cuban funds in the United States. In their examination of the Cuban financial position, which was deteriorating very rapidly, they noted that there had already been a very substantial transfer of Cuban assets from United States banks, notably the National City Bank of New York, which had traditionally handled the largest part of sugar financing, to two Canadian banks, the Royal Bank of Canada and the Bank of Nova Scotia. Blocking Cuban assets in United States banks would be ineffective unless there was similar and simultaneous blocking of all other Cuban funds held abroad. For this reason they hoped the Canadian Government would be prepared to block Cuban accounts in Canadian banks. They were planning to ask their other NATO friends if they would take similar action. Mr. Anderson observed that at the time of the Egyptian seizure of the assets of the Suez Canal Company, the United States had been asked by Britain and France to block Egyptian assets in the United States in order to protect the position of foreign shareholders whose property had been seized by the Egyptian Government. The United States had done so despite the fact that they had disagreed with French and British action over the Canal. It was in the same spirit of solidarity that they were now planning to approach their friends and allies.

At this point, the Secretary of Defense, Mr. Gates, said that the response of their friends would be a real test of the meaning and solidarity of the Alliance. For years the United States had been contributing on a massive scale to the collective security without asking anything for themselves. The American people would expect some reciprocity now. They recognized that Cuba was not in the NATO area and they would not expect co-operation on a formal NATO basis but they thought they could rely on the confidence and solidarity of their friends in the Alliance.

Mr. Anderson went on to explain that the object of blocking Cuban funds abroad was to prevent the Cuban Government from acquiring the spare parts, special chemicals, etc., which they would need to keep the expropriated refineries in operation. For this purpose, the United States were proposing to institute a licencing control over exports to Cuba which would permit them to prohibit the export of spare parts, chemicals, etc. They hoped that the countries cooperating with them would institute a similar control and apply the same policy.

In answer to a question whether the Soviet Union, which was planning to supply Cuba with crude petroleum, could not also supply the chemicals and spare parts required to keep the Cuban refineries in operation, Mr. Anderson said that the refineries' equipment in Cuba was of specialized, modern American type and he did not think the Soviet bloc could supply spare parts and the equipment which would be needed. It did not appear that, at this stage of their thinking, the United States authorities were contemplating a formal blockade of Cuba.

It was the American view that this kind of pressure applied quickly and steadily would compel the Cuban people to realize what their Government's Communist affiliations were costing them. There was already a growing disillusionment and defection from the régime of liberal-minded supporters who had put their faith in Castro and the revolution. They were coming together outside of Cuba and could constitute a real alternative Cuban Government to

which it was hoped the Cuban people would turn when they saw where Castro was leading them.

In explaining the United States' attitude the United States Ministers emphasized that the United States Government had not taken final decisions on all these matters and that no specific request for cooperation on the part of Canada was being made at this time.

Mr. Green said that this was a grave and disturbing communication with very serious implications for Canada and for all the friends of the United States. It raised questions which would require the most serious consideration by the Canadian Cabinet. He noted that some pretty far-reaching decisions had already been taken by the United States before this opportunity for consultation. For his part he was very doubtful of the wisdom of attempting to deal with the Cuban situation by external economic pressure. The Canadian Government had been asked to protest against the "intervention" of the Shell Company in Cuba which was a wholly owned subsidiary of Canadian Shell — which in turn was wholly owned in the United Kingdom and the Netherlands. The Canadian Government had not been convinced that it would be helpful or effective for it to join at this time in the protests already made. Mr. Green asked how much support the United States expected to receive for the policies outlined by Secretary Anderson from the Latin-American countries, in particular Mexico which he felt occupied a key position.

Mr. Merchant said that the United States anxieties about the deterioration of the situation in Cuba were well known to other American countries and shared by many of them. In their judgment Venezuela was the key country rather than Mexico. The full impact of Cuba's substitution of Soviet for American oil would be felt by Venezuela. However, Venezuela was particularly concerned about the situation in San Domingo, on which it wanted the OAS to act. The United States had privately told other members of the OAS that it was prepared to cooperate with them in action with respect to San Domingo — with the possible resultant removal of the dictator Trujillo — on the understanding that the other American countries were prepared to give similar consideration to the problem of Castro and Cuba. They felt that the other American countries would see that if the United States were prepared to cooperate against a dictator of the Right, they would be more prepared to support the United States against a dictator of the Left.

It appeared, though not explicitly, that the United States hoped that international consideration of the problem of Cuban-American relations could be kept within the framework of the OAS rather than be taken up in the Security Council of the United Nations. The United States did not expect to object to the inscription of the Cuban reference to the Security Council but they hoped that the Security Council would remit the question to the OAS for recommendations before examining it itself. There was no indication given as to how the two Latin American members in the Security Council, Argentina and Ecuador, would vote on this question of jurisdiction.

Mr. Green wondered whether the United States had fully explored the possibilities of getting other friendly countries to use what influence they had on Castro to prevent the breach getting wider. He thought that Mexico, as a friendly neighbour of the United States, with a major social revolution in its own history, might, if asked, have some influence upon Castro. He thought any possibilities of action along these lines should be looked into before embarking on a policy of economic sanctions of which no one could foresee the end. He feared the United States might be very disappointed in the reaction of Latin American countries to policies such as those which had been outlined to Canadian Ministers.

In answer to a question about Soviet capacity to deliver oil to Cuba, Mr. Anderson and Mr. Gates indicated that they hoped that friendly countries would cooperate to discourage tanker companies under their registers from accepting Soviet charters either for transporting oil to

Cuba or for any other Soviet oil export trades. As a sanction, tanker companies might be warned that if they accepted Soviet charters in these circumstances, they would be excluded from other friendly ports for, say, a period of five years. This should deter them.

In summary the United States Ministers said that they were exploring very seriously and very urgently the possibilities of concerting economic and financial pressures strong enough to make the Cuban people wish to get rid of Castro. They hoped to avoid the use of armed force. At the same time they were determined to defend the base at Guantanamo if it were attacked and were ready at any moment to land troops in Cuba if this were necessary to preserve the lives of American citizens.

The meeting broke up at 10.00 pm to permit the resumption of the general session of the Canada-United States Defence Committee. Mr. Green said that Canadian Ministers would report the American views to the Prime Minister and their colleagues. He made it quite clear that the questions raised presented very grave difficulties for Canada and that his doubts about the wisdom of some of the policies proposed had not been removed by the very frank and private discussion which they had had.

N.A. R[OBERTSON]

587.

N.A.R./Vol. 18

Note du secrétaire du Cabinet
pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Secretary to Cabinet
to Under-Secretary of State for External Affairs

SECRET

[Ottawa], July 15, 1960

YOUR REMARKS ON CUBA AT SEIGNIORY CLUB

I find that I did not make very detailed notes about your remarks on Tuesday evening.

They indicate that you intervened after Merchant had said that the Cuban people will run into serious economic trouble as a result of recent developments. You said that you did not feel that the case that he and the others were advocating in regard to Cuba was as clear as they implied. You thought it would be stronger if they had not changed the patient policy that they had been following. You said you thought his reading of the situation was much too optimistic. (At this point I have a cryptic note saying "e.g. outside" which I think meant outside the NATO Area.)

Gates then remarked that Castro had not lost ground internally except among the intellectuals. You then emphasized that there had been quite serious defections amongst intellectuals and particularly intellectuals whom Castro himself had appointed as Ambassadors.

Merchant then spoke about the sugar situation and you said that the United States had been in a good position in regard to sugar but their argument was weak where it was based on their supply situation and their vulnerability in depending upon Cuba as a source of supply.

This is about all I have recorded but I recollect that you were more general in the apprehensions you expressed than these fragmentary notes would indicate.

After your interventions, Anderson, Gates and Merchant all went on to say how strongly the American people felt on this issue, particularly in regard to the buying of sugar after the terrible criticism Castro had made of the United States and Eisenhower.

At this point Arnold Heeney picked up and asked about the kind of reaction that might be expected from Latin America and the discussion turned to that subject.

R.B. B[RYCE]

588. DEA/2444-A-40

L'ambassadeur au Mexique
au secrétaire d'État aux Affaires extérieures

Ambassador in Mexico
to Secretary of State for External Affairs

TELEGRAM 134 Mexico, July 15, 1960

TOP SECRET. CANADIAN EYES ONLY. EMERGENCY.

PROPOSAL FOR THREE POWER MEDIATION OF USA-CUBA DISPUTE

Foreign Minister Tello called me into his office at 9 pm tonight and informed me of contents of President Lopez Mateos' letter to Prime Minister and President Kubitschek proposal of an offer of mediation by Canada, Brazil and Mexico of USA-Cuba dispute. The Minister said only himself and his two under secretaries knew of (démarche) and asked that it be kept in utmost secrecy.

2. He said he and [the] President were deeply concerned about deterioration in relations between USA and Cuba. Although Mexico would vote for Peruvian proposal that OEA call a meeting of Foreign Ministers to consider situation he felt this procedure far from offering a chance of resolving conflict would end in making matters worse.

3. Mediation on other hand although admittedly very difficult in circumstances might offer chance of success. Canada, Brazil and Mexico were USA's best friends in this hemisphere and an offer by them to mediate could not repeat not be considered by USA as being an unfriendly move. Cuba likewise had no repeat no reason to distrust any of the three.

4. He was aware of USA argument that it was hopeless to try mediating with a communist dominated country but even granting that Cuban Government was 60 percent communist surely some constructive effort must be made to deal with a double threat which was communicating peril for the whole hemisphere.

5. Latin American sympathy for social objectives of Cuban revolution ran deep and should USA adopt strong measures against Cuba USA relations with Latin America would suffer a blow from which it would take years and perhaps decades to recover. Furthermore the reaction in Asia and Africa would be profoundly damaging to West. It was only too clear that these were objectives at which Soviet provocation of Cuban policy was aimed.

6. On the other hand establishment of a communist bridgehead in Cuba would pose an equally serious threat to the hemisphere. It would almost certainly lead to upheavals in those countries which were socially most unstable and no repeat no one could say where such a development might end.

7. The situation was most difficult and the problem of coping with it most delicate. Frontal attack, in terms of broadest ends could only be self defeating. What was needed was a more subtle approach the kind that might be achieved through mediation.

8. The four principal points of conflict between USA and Cuba were: (a) agrarian reform and resulting land expropriation (b) sugar (c) oil (d) communism. Given economic rehabilitation an honest Cuban government could make compensation for expropriated land in fifteen years at outside. With land provocation taken care of USA might be persuaded to restore the sugar

quota and with consequent improvement of their economic position the Cubans might be persuaded that dependence on Soviet oil was unnecessary. These suggestions were not repeat not to be taken as necessarily successive actions but only as an indication of kind of approach that might be attempted.

9. There remains communism but who was saying at this point that Cuban Government or Cuban people were irrevocably committed to communism? Surely the attempt should be made to offer them the opportunity to move in contrary direction.

10. Throughout conversation Minister was most earnest and he strongly emphasized qualification of Canada for role of mediator. We were liked, were skilful, were objective, were trusted and we were closer than any other country to USA.

11. When I asked why Mexico was proposing mediation while at the same time supporting call for a Foreign Ministers' meeting, the Minister replied that given launching of mediation a Foreign Ministers' meeting need never be held. If it were and if USA pursued the policy that presently seemed indicated, the support it would receive from Latin America would be tepid with probable consequence he had already outlined.

12. In conclusion the Minister asked that we regard proposal as a matter of urgency and emphasized that President would be prepared to consider any counter proposal or any suggestion as to procedure we or Brazilians might make "with gratitude." Message Ends.[11]

[W.A.] IRWIN

589.

DEA/2444-A-40

Note de l'adjoint spécial au secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Special Assistant to Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL

[Ottawa], July 16, 1960

UNITED STATES-CUBA RELATIONS

The Mexican Ambassador called on the Prime Minister at 8:45 this morning and presented the attached letter from President Lopez Mateos. Following the conversation the Prime Minister summarized the Ambassador's oral comments as follows:

(a) The Mexican Government had chosen to consult Canada and Brazil, as important countries representative of opinion in North and South America respectively, with a view to considering jointly possible diplomatic means of promoting a solution to the dispute. The Mexican Government firmly believed that the best hope of working towards an improvement in relations between Cuba and the United States lay in strictly confidential negotiations; in the Mexican view public diplomacy, whether in the United Nations or in the O.A.S., would not improve and might well worsen the prospects of settlement.

(b) While the Mexican Government did not consider that Communist influence in Mexico had been significantly increased by events in Cuba, there was in certain circles a profound suspicion of the United States. This feeling, which was common throughout Latin America, had been seriously aggravated by recent developments. Even though business circles in

[11] Note marginale :/Marginal note:
Would consider all publicity undesirable until proper approach made with Castro. If not Cuba may think move inspired by U.S. When public statement is made should come simultaneously or from Mexico. [Auteur inconnu/Author unknown]

Mexico stood to benefit as a result of increased sugar sales to the United States, this did not serve significantly to lessen suspicion of the United States.

The Prime Minister said that he had assured Mr. de la Colina that the Canadian Government was actively considering what action might usefully be taken and that immediate study would be given to President Lopez Mateos's message. He asked the Ambassador if the Mexican Government had any specific suggestions in mind as to possible measures. Mr. de la Colina replied in the negative but undertook to telephone Mexico City and to speak again to the Prime Minister as soon as possible.

H.B. R[OBINSON]

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

CONFIDENTIAL AND PERSONAL

Draft translation of a letter in Spanish addressed by His Excellency Dr. Adolfo Lopez Mateos, President of the Republic of Mexico, to the Right Honourable John G. Diefenbaker, Prime Minister of Canada. (This letter is being sent by diplomatic courier).

My dear Prime Minister and distinguished Friend:

The strained relations between the Governments of Cuba and the United States of America are the source of my deepest concern.

Mexico, which is united to both Countries by bonds of sincere affection, views with alarm the possibility that this stress may be aggravated, thus endangering not only the traditional friendship that has existed between them but also the cause of continental solidarity, the strengthening and progress of our democratic institutions and even the peace of the world.

The high regard and well earned esteem enjoyed by Canada not only in this Hemisphere but throughout the world have moved me to address this personal message to Your Excellency, persuaded that it will find a sympathetic response in your Government and personally in Your Excellency, as I know your devotion to the friendly settlement of international disputes.

I am reluctant to accept that however acute the differences between Cuba and the United States of America may be, they are not susceptible of solution in a way that may be satisfactory to both Governments and their respective peoples.

I should like very much to know Your Excellency's views on the possibility that the Governments of Canada, Brazil and Mexico would endeavour to get in touch with those of the United States and of Cuba for the purpose of promoting negotiations either directly between them or through our Governments to the end of seeking a solution of the dispute in such a manner that nothing will be left out of it in our Hemisphere but the unmistakable conviction of the firmness of our peoples' solidarity.

I have addressed an identical message to His Excellency Dr. Jusceline Kubitschek, President of the United States of Brazil. Any suggestions that either Your Excellency or His Excellency the Brazilian President may be good enough to communicate to me will be received and considered with a constructive spirit and my deep gratitude.

Please accept, Excellency, the renewed assurance of my highest consideration and personal friendship.

ADOLFO LOPEZ MATEOS

590. DEA/2444-40

Le premier ministre
au président de la République du Mexique

Prime Minister
to President of Republic of Mexico

CONFIDENTIAL AND PERSONAL Ottawa, July 17, 1960

My dear Mr. President:

I warmly welcome the constructive suggestion contained in your letter concerning the possibility of co-operation between Mexico, Brazil and Canada in connection with the strained relations existing between the Government of Cuba and of the United States of America. My initial reaction is that it might be helpful if the three of us were to raise certain questions with President Eisenhower and President Dorticos with a view to ascertaining the extent to which they are anxious to improve their relations. I have in mind questions along the following lines.

In the first place there are certain general questions which we might explore with the Presidents of the United States and Cuba:

(a) What does each desire that the future relations with the other country should be?

(b) To what extent is each willing and able to take specific steps to correct situations which might be regarded by the other party as having contributed to the deterioration in relations?

(c) What specific steps does each believe that the other could now take to bring about an improvement in relations?

(d) What other specific action can be taken by international bodies or other countries to be of assistance?

In connection with the second and third of these general questions, perhaps we should consider some more detailed enquiries such as the following:

(a) Would the United States be willing and able to restore to Cuba all or part of the former sugar quota and if so on what terms?

(b) Would the Government of Cuba give an assurance that Communist activities and propaganda would be curbed and give an assurance to the United States that there would be no interference with the United States Naval Base?

(c) Could the United States give an assurance that no provocative actions against Cuba would be allowed to take place from United States territory?

(d) Could constructive discussions begin at once between the Cuban authorities and the oil refining companies concerning the possibility of finding an acceptable basis for the operation of the refineries by the companies; if no such basis can be found, what are the prospects for prompt and equitable compensation to the companies whose properties are involved?

(e) With a view to reducing tension, is it possible to bring about a moderation of the speeches, statements, radio broadcasts, etc. emanating from one country about the other?

(f) Are there any measures that can be taken to reconcile land-holding and other reforms within Cuba with the legitimate interests of United States nationals who have in the past invested their capital in the development of Cuba's resources?

I do not of course know how such questions would be received by the parties concerned. We would no doubt wish to do some preliminary soundings before putting any such questions formally to President Eisenhower or President Dorticos. Perhaps when you have had an opportunity to consider these suggestions and to consult President Kubitschek, the three of us

might examine together the kind of approach which might stand the best chance of producing effective results.

Please accept, Excellency, the renewed assurance of my highest consideration and personal friendship.

[J.G. DIEFENBAKER]

591. J.G.D.

Note

Memorandum

Draft translation of the resumé of the reply given by His Excellency the President of Brazil to a letter addressed to him by His Excellency the President of Mexico, similar in content to the one sent to the Right Honourable the Prime Minister of Canada.

CONFIDENTIAL AND PERSONAL Ottawa, July 22, 1960

"... Not only do I consider your suggestion a useful and noble one, but I deem it our strict duty to exert our best efforts for the purpose of promoting peace and understanding in the American Community of Nations.

Brazil will be honoured not only to participate in this urgent, generous and just initiative, but also to avail itself of the opportunity of working together with Mexico and Canada in a praiseworthy effort to safeguard our continental unity.

Brazil, the same as Mexico, has the warmest sentiments of friendship for the two peoples concerned.

We have read with the closest attention the wise and timely questions raised by the Right Honourable the Prime Minister of Canada and we reserve the right, in case we deem it necessary, to suggest others.

For the time being it appears to me that what is urgent is to indicate to the two countries concerned our intention to contribute if possible to an objective and friendly solution of the present crisis.

I wish to thank Your Excellency for having remembered the name of Brazil in connection with this fraternal undertaking.

I am Your Excellency's devoted and admiring friend,

JUSCELINO KUBITSCHEK

592. J.G.D.

Note

Memorandum

CONFIDENTIAL AND PERSONAL Ottawa, July 22, 1960

Draft translation of certain suggestions to be transmitted to the Right Honourable John G. Diefenbaker, Prime Minister of Canada

In view of the favourable response of His Excellency the President of Brazil and taking into account the last paragraph of the Right Honourable the Prime Minister's letter of July 17th, the President of Mexico wishes to submit to his enlightened consideration the following ideas:

As a preliminary measure, naturally subject to all the variants and changes that both the President of Brazil and the Prime Minister may wish to introduce, it appears appropriate to us:

(1) That the Prime Minister and the two Presidents write personal letters to the Chiefs of States of the United States of America and of Cuba requesting that they examine in a friendly and constructive spirit the matter that will be submitted to each one of them by our three Ambassadors in Washington and in Havana.

(2) Copies of the letters exchanged will be later sent to the Ambassadors of Canada, Brazil and Mexico in Washington and in Havana;

(3) The Ambassadors would endeavour to reach prompt agreement on the most appropriate and efficient procedure to effect the necessary explorations. These could be carried out jointly, severally but in a parallel manner, or by one of them;

(4) If the Governments of the United States and Cuba agree to accept our friendly initiative there are several avenues of approach, such as an informal meeting of the five Foreign Ministers, a meeting of their Special Representatives or even a meeting of the five Chiefs of State (or Government). Naturally, the last of these alternatives is the most interesting but also the one requiring the utmost care.

593.

DEA/4568-40

L'ambassadeur à Cuba
au secrétaire d'État aux Affaires extérieures

Ambassador in Cuba
to Secretary of State for External Affairs

DESPATCH NO. D-488
SECRET. CANADIAN EYES ONLY.

Havana, July 25, 1960

CUBA AND CANADA

This is not one of our regular series of despatches, but is the outcome of three or four days which I have spent confined to the house by an intestinal ailment, with not much to do but meditate. I cannot guarantee my conclusions; as you know I have never had any academic training in political science. But I have been around for a long time and I am a very fair poker player. This is what comes to my mind about Cuba today.

* * * * *

2. Khrushchev's present noisy belligerence is not a prelude to a hot war; he knows as well as anybody else what an atomic warhead can do to a human body, including Mr. K's body. He is taking advantage of the recurring deadly weakness in the United States Constitution, the dead duck period when one President is on the way out and the next one is not yet in. He is addressing his rude remarks nominally to the United States, but is really addressing the uncommitted, uncertain, underdeveloped new countries which are proliferating almost all over the world. He can gain, and has already gained significant propaganda advantages during this period in which the United States is caught in the tangle of its own procedure and cannot rebut quite so promptly and vigorously as the people of the United States, and their executive, would dearly like to do. In the next few months the USSR may go far towards consolidating itself as the champion of the underdeveloped.

3. In this campaign Cuba has been a gift from the gods to the USSR. It is to be noted that the communists gave no help whatsoever to Castro while he was an insignificant rebel struggling in the Sierra. Nor did they jump in as soon as he had won the first round and scared Batista into fleeing the country. But not long afterwards, when it had become apparent that Castro's

movement had practically the whole Cuban people behind it, the USSR and the old but then not very strong communist party of Cuba aligned themselves solidly with Castro.

4. Cuba to them became not only a pawn in the game, as many have said, but at least a knight or a bishop, perhaps even a rook. Here was a hitherto undreamed-of opportunity to insert the wedge more firmly into Latin America. In the years since the second War, with USSR embassies functioning as propaganda centres in Mexico, Buenos Aires and Montevideo, plus several missions of satellite countries here and there, plus the steady hard work of local communists, the Soviet Union had made an excellent start towards implanting its theories, its principles and its vague promises among the working classes of Latin America, especially among the lowest levels where most people are illiterate. But never, with one exception, had a serious impact been made. That exception was in Guatemala. When Arevalo gained power there the situation was ideal. He was, and very likely still is, a benevolent, woolly-minded socialist, with soaring hopes, not for personal gain but for the betterment of the living standards of his people. He had no experience of, and no talent for public administration. (I have met him and talked with him.)

5. His Minister of War was Arbenz, youngish, slim, straight, blond, military, Swiss-born, looking exactly like our conception of a Nazi. He may have been a Nazi at one time, for all I know; at any rate he is totalitarian. Very soon Arevalo was eased out, Arbenz was in, and the government of Guatemala began to show the clear characteristics of a communist régime. Then, before Arbenz had had time to consolidate properly, he was overthrown by the incursion of a relatively small force of anti-communist dissidents, led by Castillo Armas. (Where did that force get its arms? We know that it did have arms, ample for the purpose. It is generally believed in Latin America that these were supplied by, or with the aid of the United States. The United States has consistently denied this. I do not know the truth of the matter.)

6. Here in Cuba we have Fidel Castro, who in some ways resembles Arevalo. Whatever he may be today, he was at first genuinely determined to alleviate the hard lot of the Cuban rural worker, the "guajiro." It seems reasonable to believe that he still cherishes this ambition. Many of the efforts made to date in the campaign of Agrarian Reform have gone astray, some have succeeded. Some of the guajiros are discontented because of unfulfilled promises, but many have received benefits already and others still keep up their hopes. The majority of these peasants are still with Fidel, and it is primarily to them that he addresses his interminable television speeches. His secondary target is the urban worker, the member of a union, and although there has been bitter pro- and anti-communist struggle within the unions, who are tremendously strong, they have to be considered as supporters; they have more or less swallowed the intimate ties that have been developed between the Cuban and the Soviet-bloc governments.

7. Cuba is already much farther advanced towards communism than Guatemala ever was. Nor does there seem to be any immediate danger of a revolt from behind the throne, such as Arbenz' overthrow of Arevalo. The Arbenz of Cuba, the Minister of War Services, is Raul, younger brother of Fidel Castro. It is conceded here that Raul lacks the demagogic genius of his brother; he cannot sway a crowd as Fidel can, and it is believed that he is aware of this and is holding tightly to the skirts of his older brother. Raul is not well educated, is a murderer many times over, and is generally regarded as an unpleasant little thug, but several people who should know have told me that Raul has undoubted military talent, if not genius, and that his management of Cuba's armed forces is masterly. It seems probable that he will back Fidel to the bitter end. And Raul's current journey to Eastern Europe, his interviews with leaders in the satellite countries, followed by his magnificent reception in Moscow and his friendly talk with Khrushchev, leave little doubt as to his leanings. One remark recently imputed to him was "My ambition is to drop three atomic bombs on New York."

8. Fidel himself went through the University of Havana, a doubtful distinction, and is said to have completed his law studies. But he was exiled, took part at the age of about 21 in the famous "bogotazo" of 1948 in Bogota, was then in Mexico in hiding for some time, returned to Cuba and spent two years in the Sierra, and since coming to power has worked very hard at his job. He is now only 33, and it is difficult to see where he has had time for academic or administration training. He may have done a lot of independent reading. It is said that he has studied the Marxist doctrines assiduously, but nobody seems to know whether he became a convert. The man is revealed to some extent in his long and numerous television speeches. He repeats himself excessively, he dramatizes excessively, and he does not tell the truth. For example, in a very recent speech he enlarged on the United States "aggression" in refusing to have their oil refineries handle Russian crude. He said he could not see any reason for this other than sheer, unprovoked aggression. But he did not make the slightest reference to the $60 or $70 millions which Cuba owes to the oil companies for petroleum already supplied, nor to the existing contracts with the companies, which he has arbitrarily broken. That would have weakened the argument which he was putting up to his guajiros.

9. Consistently and persistently, since last October at least, he has made a long series of wild and unfounded accusations against the United States. He hammers on this, presumably for the benefit of the guajiros, until the rest of his audience is sated and disgusted. But even on the occasion when he met the Latin American ambassadors at a private dinner (on which I reported at the time), he began reasonably enough but drifted, one would have said automatically, almost unconsciously, into his familiar diatribes against the United States, although every ambassador in the room knew, and he must have known that they knew, that he was not telling the truth. He almost seemed to have hypnotized himself into believing what he was saying.

10. Somewhere in the background of the Castros there is, there must be, a longstanding resentment against the United States. Now such resentments exist all over Latin America; in the course of my journeying in 18 of the 20 Republics, I have had them thrown at me innumerable times. Young lawyers, or young newspapermen, in Bogota, in Panama, in Caracas, in Lima, in almost any Latin American capital you care to mention, will hold you with an uplifted finger and proceed to relate the long story: the rape of what is now Panama from Colombia, the armed interventions of the Marines in Nicaragua, in Honduras, in Haiti, in the Dominican Republic. They will even go back to 1845-6 when Mexico lost more than 50 percent of her territory, what is now Arizona and New Mexico, Colorado, Utah, part of California, part of Texas — I do not pretend to remember the details — in her war with the United States. In Cuba the additional resentments centre around, first, the probably untenable but plausible theory that Cuba would have won her war with Spain without any help from the United States, second, the overlordship of the United States which was maintained by the famous, or infamous Platt Amendment, from 1902 until F.D. Roosevelt killed it in 1933, and, third, probably strongest, the widespread feeling, always existent though latent but now whipped up by Castro and other government spokesmen, that the United Fruit Company and the Cuba Cane Sugar Corporation, and the Cuban Telephone Company, and the Compania Cubana de Electricidad, and many other U.S. owners, have over the years systematically taken out of Cuba many millions of dollars of Cuban patrimony. These great companies have in fact aided Cuban development substantially, but this fact is overlooked in the emphasis which is put on the handsome profits which they undoubtedly reaped.

11. Whether the Castro brothers have any other reason for resentment, any more personal or particular reason, I do not know. Perhaps they do not need any; I have talked to men in other countries who were just as virulent in their hatred of the United States as the Castros, but had to take it out in mere talking.

12. But behind the Castros is "Che" Guevara. These three are the triumvirate, and I do not propose to try to guess which is the Antony, the Lepidus or the Caesar.

13. Guevara is a different kettle of fish altogether. A decree was passed last year making him a "natural-born Cuban" (and therefore eligible to be President). But he is nothing of the kind. He is Argentine-born. He is an educated man and a medical doctor. He is cold, not emotional like Fidel and the majority of Cubans. He is intelligent well beyond the average. He has an undoubted record of revolutionary activities behind him — he was mixed up in the Guatemala affair — and many people here assume that he is an intellectual communist, although he denies it. Since he became president of the National Bank it has been extremely difficult to get the Bank to release dollars to pay for goods already supplied by Western countries, and still more difficult to get permits for any new orders. But goods are flowing in from Russia, Poland, Czechoslovakia, East Germany and now Red China, and no difficulty appears to arise. Czechoslovakia alone has arranged to supply 54 complete factories to Cuba; the Czech ambassador confirmed this newspaper report to me just the other day. The USSR is supplying oil in large quantities. Newsprint is coming in from Russia, not up to Canadian quality but probably shutting off the Canadian exports. The Cuban economy is already very largely geared to the Soviet group. There are bilateral agreements, there are large credits, and there is an extraordinary vagueness about terms of payment; the day of reckoning must come sooner or later. In all this Guevara has given most of the orders; has taken the lead.

14. To put it briefly and coldly, the Soviet group has already gained much more than a mere foothold here. Havana is seeing more and more Czech and East German and Russian "technicians." Diplomatic relations have been established with the USSR, and the new Russian ambassador has already been made; he is Kudryavtsev the man who was the leader of the spy network which Gouzenko uncovered. A large "commercial" delegation from communist China is here in Havana as I write, and it is widely rumoured that Cuba will recognize Red China. The Chinese community here is the largest in Latin America: if this happens they will be delivered to the tender mercies of the communist Chinese. Up to now they have been in the main anti-communist.

15. How can I relate all this to Canadian relations with Cuba? I have endeavoured to carry out faithfully the instructions which the Minister gave me before I left Ottawa. Mr. Green said "We regard Cuba as a friend; I wish to maintain the friendship." I have been pretty quiet; I have met Castro several times, Guevara once, and the Foreign Minister, Dr. Roa, quite often, and have maintained the attitude of friendship. I was pleased that we did not protest the Shell Oil seizure, especially when I learned from a London newspaper despatch that Shell of Canada had decided to take its case to the Cuban courts. Raul Roa has said more than once that diplomatic protests over such legal matters mean nothing, that the proper recourse is to the courts of Cuba. I doubt that in the long run this will make any difference to the Shell company but at the moment it seems helpful to us.

16. The Cuban ministers and officials have been uniformly courteous with me. It may not be totally irrelevant to state here, in a personal aside, that the six years I spent in Havana as a young man left me with a liking, even an affection for Cuba and the Cubans which I have not yet lost. It is therefore with real regret that I sum up this letter by saying that in any relations we have with Cuba, in any policy we may consider adopting, we must remember that we are not dealing with the Cuban people but rather with a quasi-Cuban, Soviet-affiliated government which hates the United States and has seemingly made up its mind to throw over even the sacred Latin American solidarity, if necessary, in order to take advantage, without any regard to or clear understanding of the inevitable consequences, of the assistance so cordially offered by the Soviets. For the present, unless or until a break becomes unavoidable, I think we should continue our quiet attitude and our friendship with the Cuban people as such. We may run into

problems; the Canadian banks are operating now under difficulties that few bankers have ever heard of; their Cuban employees are members of the Bank Employees' Syndicate, one of the strongest and most belligerent of all the unions. Our bankers know well today that every transaction that may be of interest to the authorities is reported; no longer can they count on the traditional secrecy of the bank. Their losses are up, their operating expenses are up, and their revenues are down. They have not been overtly molested by the authorities, and it is perfectly possible that they may never be. Private companies, no matter how large, may be and have been seized, but to seize a large bank would clearly cause so much confusion that perhaps even Guevara would hesitate. Even the United States banks are still operating, under the same conditions as the Canadians.

17. We should watch and wait. Our friendship with Cuba is of long standing; our banks and insurance companies have done business here for sixty years; our reputation is excellent and there is no apparent immediate reason why we should be molested. If we survive this present almost totalitarian régime without molestation, *if* we do, then our prospects for the future are good. If not, then we shall have to deal with the problems as they arise. I am firmly of the opinion that at present we could accomplish nothing by attempting to mediate in the Cuba (USSR)-U.S.A. quarrel, and that we would only do harm to our own status. But we can stand by, on the alert, and watch for better opportunities. Perhaps we can play a part yet.

18. Deliberately, I have not referred any copies of this letter, except to Washington, because it is nothing more than a strictly personal assessment. If you find anything useful in it, the Department will doubtless have it passed round. I should value very much your own comments.

19. This letter should be read in conjunction with our L-482 of July 27,† in which Mr. Beaulne expresses his views. In his first few days here he has seen a lot and has talked to a lot of people. Quite independently of myself, he appears to be coming to similar conclusions.[12]

ALLAN C. ANDERSON

P.S.: With reference to para. 5 et seq above, the press has announced the arrival of Arbenz in Cuba, to take part in the 26th of July celebrations in the Sierra.

594.

DEA/2444-A-40

L'ambassadeur au Mexique
au secrétaire d'État aux Affaires extérieures

Ambassador in Mexico
to Secretary of State for External Affairs

TELEGRAM 143

Mexico, July 27, 1960

SECRET. NO DISTRIBUTION. EMERGENCY.
Reference: My Tel 140 Jul 21.†

CUBA

Last night July 26 Deputy Under-Secretary Campos Ortiz filled me in on discussion to date on procedure.

2. *Letter*. He said that Brazil had agreed to proposal that letter be sent by Prime Minister and two Presidents to USA and Cuban Presidents urging sympathetic consideration to proposal to

[12] Voir/See Volume 26, document 466.

be made through ambassador channel. Ortiz felt texts need not repeat not be identical but that they should be exchanged among three prior to despatch.

3. *Preliminary Informal Soundings*. Your proposal that Herter should be sounded prior to despatch of letter had been forwarded to Brazil but no repeat no reply yet received. He would report Brazil's reply to us as soon as it was available. When I asked him what Mexican attitude was on this point I sensed a certain reluctance and knowing your views I argued this procedure was essential if only to forestall the possibility of formal rebuff. He finally said official Mexican view supported your proposal for informal soundings. He felt however that to maintain posture of neutrality soundings (should be?) made in both capitals more or less simultaneously.

4. *Venue of Further Discussions of Procedure*. Ortiz then said Colina would propose to you today July 27 that in view of communication difficulties further discussion on procedure should be concentrated in one of three capitals Ottawa, Mexico or Rio. This could be done through consultation between Foreign Office of capital selected and Ambassador of other two countries acting under instructions or if necessary special envoys might be sent to chosen capital. Procedures recommended by negotiating group would of course have to be approved by governments. Ortiz said Mexico had no repeat no preference as to venue but in view of pressure felt strongly that some such short cut as that proposed was necessary.

5. Decision would have to be taken soonest as to (a) how ownership soundings should be made whether by representatives of all three countries acting in concert or consecutively or by one nominated representative of the three (b) if response to soundings were favourable and formal written approach made how subsequent ambassador approach should be made in two capitals.

6. Furthermore before project was launched there should be agreement among three as to how far proffered good office should go as to precisely what mediatory procedures were being proposed and how three intended carrying them through.

7. Ortiz argued these and other relevant questions could be explored most expeditiously through discussions in a negotiating or co-ordinating group and hoped you would agree to this procedure. It presents obvious difficulties of course but in light of slow progress achieved to date toward agreement one can understand anxiety expediting matter. From practical point of view Washington might appear to be best coordinating point but Ortiz felt from political point of view its selection would be undesirable.

8. In view of fact that Mexicans are soliciting my opinion on various points would be grateful for any guidance you can give me.

9. Am forwarding by bag text of President Kubitscheck's initial letter. In addition to operative sentence which you already have, it refers to tragic condition of life is underdeveloped areas of continent and by implications to threat of communist penetration without naming it as communism.

[W.A.] IRWIN

595.

DEA/2444-A-40

Le secrétaire d'État des États-Unis
au secrétaire d'État aux Affaires extérieures

Secretary of State of United States
to Secretary of State for External Affairs

CONFIDENTIAL

[Washington], July 28, 1960

Dear Howard [Green]:

It was good to hear your voice again this morning. My only regret is that your call was occasioned by our delay in replying to the request you made through Dick Wigglesworth on July 24. I have, however, since talking to you, passed on to Dick in somewhat more precise language our position on the proposed offer.

I can only repeat here our warm appreciation for your consideration in letting us know in advance of this matter which I think you will agree might otherwise have cause some real embarrassment.

I know you have now received from Dick Wigglesworth's hand the paper on Cuba which I mentioned in my earlier letter to you.[13] While it is a rather long document, I felt that the information in it would be of particular interest to you because of the importance to both our countries of this increasingly grave situation. If you have any thoughts on this material and how it might be used, or on the Cuban situation in general, I would certainly be delighted to hear from you.

With warmest personal regards,

Most sincerely,

CHRISTIAN A. HERTER

596.

DEA/2444-A-40

Projet de lettre du premier ministre
au président des États-unis

Draft Letter from Prime Minister
to President of United States

CONFIDENTIAL. PERSONAL.

[Ottawa], July 29, 1960

Dear Mr. President,

I have been greatly disturbed to hear of the unfortunate differences which have arisen between the United States of America and the Republic of Cuba. Both countries are near to Canada geographically and with each there is a long history of friendly association.

For this reason I have been following closely developments in the relations between your country and Cuba and wondering whether it might be possible to find mutually acceptable solutions to the misunderstandings and differences which may recently have arisen.

During recent days I have been in correspondence with President Lopez Mateos of the Republic of Mexico and President Kubtischek of the Republic of Brazil. Both Presidents have

[13] Non retrouvé./Not found.

expressed a willingness to extend, together with me, good offices for the purpose of finding ways to bring together our two good friends in the western hemisphere.

If you consider that our good offices could be of any assistance I shall at once appoint my own personal representative to work in cooperation with personal representatives of the Presidents of Mexico and Brazil and in conjunction with representatives of yourself and President Dorticos.

It is my sincere hope that ways can be found of resolving present differences because of the basic desire which I believe exists among the peoples and governments of the United States of America and Cuba to work together with other friends for better living conditions for all men and the cause of international peace.

597. DEA/2444-A-40

L'ambassadeur au Mexique
au secrétaire d'État aux Affaires extérieures

Ambassador in Mexico
to Secretary of State for External Affairs

TELEGRAM 144 Mexico, July 30, 1960

SECRET. NO DISTRIBUTION. EMERGENCY.

Reference: My Tel 143 Jul 27.

CUBA

Late last night Gorostiza speaking for Tello outlined procedure of position as follows:

1. Brazil has agreed to formal sounds in both capitals but Kubitschek insists that Brazilian Ambassador participate. Brazil and Mexico have agreed that Ambassadors will call on Foreign Ministers consecutively.

2. In view of Kubitschek's position Tello wonders whether you might wish to have our Ambassador call on Herter in Washington although he is not repeat not asking for this.[14]

3. In any event Tello understands Minister will phone Herter immediately following Ambassador's call in Washington to affirm Canadian participation. Tello believes this is most important.[15]

4. Tello asks whether you wish European Ambassadors to call on Foreign Minister in Havana. He seems to feel you might wish to leave action in Havana to Brazil and Mexico.[16]

5. Tello understands Mexican and Brazilian Ambassadors in both capitals are authorized to say they are acting with knowledge of Canada. He asks however whether you would consider authorizing Ambassador to say they are acting with knowledge and consent of Canada.[17]

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[14] Note marginale :/Marginal note: No. [H.C. Green]

[15] Note marginale :/Marginal note: O.K. [H.C. Green]

[16] Note marginale :/Marginal note: O.K. [H.C. Green]

[17] Note marginale :/Marginal note: O.K. [H.C. Green]

6. Tello hopes Ambassadors call will take place on Monday August 1 but certainly not repeat not later than Tuesday August 2. In view of time factor he would appreciate your views on above soonest.

7. He would also be grateful for indication of your views on previous suggestion that coordinated discussion might be concentrated in one capital.[18]

[W.A.] IRWIN

598. DEA/2444-A-40

Le conseiller économique de l'ambassade des États-unis au secrétaire d'État aux Affaires extérieures

Economic Counsellor, Embassy of United States, to Secretary of State for External Affairs

SECRET Ottawa, August 2, 1960

Dear Mr. Secretary:

The purpose of this letter is to summarize in writing the points regarding our position on the question of an offer of good offices in connection with the Cuban situation. You will recall that I made these points to you in our talk of yesterday.

1. The United States believes that the major problem with regard to the Cuban situation is the degree to which Soviet and Chinese Communist leadership has designated, and used all possible resources to support, the Cuban régime as its principal instrument to undermine inter-American security and solidarity and the degree to which Cuban leadership has eagerly accepted this role.

2. This is a fundamental problem of concern to all American states which will be considered at the forthcoming Meeting of Foreign Ministers and we believe no action which would prejudice that consideration should be taken at this time.

3. If the Government of Cuba, either on its own or in company with sister American Republics at the Meeting of Foreign Ministers, should repudiate the intervention of international communism in the hemisphere and follow this up with the necessary action to cleanse the Cuban revolution of the communist influences on its policies as well as set Cuba clearly on the road to representative democracy, the United States foresees no insuperable difficulties in negotiating outstanding Cuban-United States problems within the framework of the inter-American system and of international law.

4. If, on the other hand, Cuba does not adhere or conform to the position taken by the American states with regard to communist intervention, it will be even more clear that the problem is not one of Cuban-United States differences regarding economic interrelationship but one of hemisphere security for which all American states have responsibility.

5. Therefore, before further consideration should be given to the conciliation of United States-Cuban differences it is necessary for the American states to act jointly at the Meeting of Foreign Ministers, unequivocally to reaffirm inter-American solidarity against outside intervention and to see whether Cuba is willing to regulate its relations with other American states as well as the United States on that basis. If Cuba does not do so, a satisfactory solution

[18] Note marginale :/Marginal note:
See what results from first approach. [H.C. Green]

of bilateral United States-Cuban problems is not possible and would not of itself reduce the threat.

6. For its part, the United States has scrupulously adhered to its commitments with regard to Cuba and has informed the Inter-American Peace Committee of action taken with regard to various Cuban complaints. But, in conformity with Castro's policy of undermining the inter-American system, Cuba has not made its complaints known in that or any other forum of the Organization of American States and has apparently taken no action to correct the calculated anti-United States campaign of which we have informed the Inter-American Peace Committee.

7. Previous efforts of Latin American representatives to explore the possibilities of conciliation have come to nought because of the Castro régime's intransigence.

It is my understanding that a response along these lines will be given to any representative of either Mexico or Brazil who makes inquiries of us.

Permit me to thank you again for your courtesy in receiving me yesterday.[19]

Sincerely yours,

WILLIS C. ARMSTRONG

599. DEA/11044-BU-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2010 Washington, August 4, 1960

CONFIDENTIAL. PRIORITY.

Repeat T&C Ottawa, JIB Ottawa from Ottawa (Information).

EXPORT OF ARMS TO CUBA AND THE DOMINICAN REPUBLIC

We were called in by State Department yesterday and handed an aide mémoire concerning the tightening up of USA export of arms control to Cuba and the Dominican Republic. The text of the aide mémoire is reproduced in our immediately following telegram.† There will be no repeat no announcement made of this change in USA policy which is to be kept confidential. This aide mémoire is being given to all other friendly supplier countries.

2. We pointed out that for close to two years Canada had maintained a ban on exports of arms to the Caribbean area (your telegram X-200 July 21† refers) and that this change would in fact bring USA policy closer to Canada's position on this question. You will note that after USA relaxation of arms export control earlier this year, the new restrictions will ban exports of all combat and non-combat military equipment to Cuba and the Dominican Republic.

[19] Note marginale :/Marginal note:
Seen by SSEA 2/8. USSEA to see. [Ross Campbell]

600. DEA/11044-BU-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM ET-1041 Ottawa, August 8, 1960
CONFIDENTIAL. PRIORITY.
Reference: Your Tel 2027 of August 5.

EXPORT OF ARMS TO CUBA AND THE DOMINICAN REPUBLIC

We concur in your belief that it is not repeat not necessary to reply formally to United States aide mémoire of August 3 on export of arms to Cuba and the Dominican Republic. Our comments made upon receipt of aide mémoire appear to be sufficient.

2. We also agree that eventually we will probably wish to let United States officials know of whatever conclusions are reached in the review of general policy on exports of military equipment. The memorandum is now before ministers for signature and if approved should come before Cabinet soon.[20] One question which will be considered by Cabinet will be the extent of publicity to be accorded the policy adopted. If it is decided to make a statement in the House we would probably wish to notify United States Government in advance of our new policy. However, even if Cabinet should decide to give no repeat no publicity we would wish to discuss with other departments concerned the advisability of notifying both the United Kingdom and United States Governments of the new policy.

601. DEA/4568-40

L'ambassadeur à Cuba
au secrétaire d'État aux Affaires extérieures

Ambassador in Cuba
to Secretary of State for External Affairs

TELEGRAM 73 Havana, August 8, 1960
CONFIDENTIAL. OPIMMEDIATE.

Fidel Castro announced yesterday the nationalization through forced expropriation of property in Cuba belonging legally to persons of USA nationality. Twenty-six companies including phone, electricity, oil and sugar interests are taken over by Cuban Government. Compensation will be made in 50 liability bonds bearing two percent interest from a fund to be constituted by 25 percent of returns from sugar sales to USA in excess of three million tons at a price of cents 5.40 per pound or more.

2. Expropriation is designed to compensate Cuba for loss suffered as a result of cutting of sugar quota by USA. Other foreign interests like Shell (group corrupt) Cuba now under government intervention are not repeat not in immediate danger of nationalization. There is no repeat no sign of threat against two Canadian banks and eight insurance companies which if seized would lose good will built over half century but not repeat not substantial amount of

[20] Voir/See documents 671, 672.

money. Bank building and furniture estimated at about ten million dollars paid from profits over authorization might be (group corrupt).

3. Unless Canadian interests are directly involved it would seem preferable at this time to avoid any official statement on seizure announcement. We cannot repeat not see that it would accomplish anything useful.

4. A few hours after Castro's announcement a pastoral letter signed by all Cuban bishops and denouncing communist sympathy trends and methods in government was read in all churches. This is the first time that the church officially has taken such a strong and definite stand. Catholic Youth Congress opening in Havana next week may afford opportunity of publicly opposing Marxist orientation of present régime.

602. DEA/2444-A-40

L'ambassadeur à Cuba
au sous-secrétaire d'État aux Affaires extérieures

Ambassador in Cuba
to Under-Secretary of State for External Affairs

LETTER NO. L-514 Havana, August 9, 1960

SECRET

Reference: Your telegram G-87 of July 16 to Permis, N.Y.†

U.S.-CUBAN RELATIONS

We read with interest your telegram under reference containing excerpts from the record of the Montebello U.S.-Canada Ministerial Defence meeting.[21] Because this telegram provides us with the clearest indication we have yet received of Canadian government policy with regard to the current U.S.-Cuban difficulties, we have given it careful study. We offer the following observations on Canada's policy in the light of our admittedly incomplete knowledge of U.S. policy and the considerations on which it is based, and would appreciate your comments and those of our Embassy in Washington on the points we raise.

2. It is apparent from the report of conversations at Montebello that the Canadian government has misgivings about the wisdom of the firmer line which the U.S. has recently adopted with regard to Cuba, a line which may have been inspired partially by domestic considerations in a pre-electoral period. There is no doubt that public opinion and members of the administration in the U.S. are extremely sensitive regarding the real or imagined threat posed by Communist infiltration into an island ninety miles off the coast of the U.S. A great deal of emotion has been aroused in both countries over this conflict. Our first observation would be that official statements in Canada will have to be drafted with great prudence if they are not to be misconstrued or misused. We have witnessed the reaction in Havana when individuals in Mexico and Uruguay criticized the new U.S. policy towards Cuba. Government newspapers here carried three inch headlines proclaiming the "anti-Yankee" stand of Mexico and Uruguay, the Prime Minister and Minister of External Affairs called on the Ambassadors concerned to thank them for the support of their countries, and the U.S. Congress demonstrated an immediate concern about U.S. relations with the countries involved. Any indication that Canada opposed the U.S. policy would no doubt provoke similar reactions both in Havana and in Washington.

[21] Voir/See document 302.

3. Any Canadian policy with regard to the new developments in U.S.-Cuban relations should be based on careful study of the U.S. position and the reasons for the U.S. decision to demonstrate a firm stand by cutting the Cuban sugar quota. The publicized reason for this action — doubts that Cuba was willing and able to continue as the principal supplier of sugar for the U.S. market — and the reason put forward at Montebello, that U.S. public opinion demanded such a step, may or may not be valid. We must assume that the State Department gave a great deal of serious forethought to a move as far reaching as the decision to cut the Cuban sugar quota. We do not know all the considerations which resulted in the change in U.S. policy, but the following probably had some bearing on this decision:

(a) Effective repressive measures by the Castro régime are forcing most individuals who could head an opposition movement to flee the country, thus delaying any possible counter-revolution and allowing more time for Communists to entrench themselves in Cuba.

(b) The Castro régime has passed the point of no return in its advance towards Communism. To continue subsidizing the régime seemed useless: better therefore to take steps to speed the collapse of the government in the hope of obtaining something better.

(c) The U.S. action might temporarily place a strain on U.S. relations with other Latin American countries, but the public indications of Cuban-USSR ties which sprang from the U.S. action would, in large part, counteract this.

(d) The Cuban economy was heading for trouble and could be the block which would overthrow Castro. However, the Soviet bloc was doing its best to shore up Cuba's economy and the continuation of what was, in fact, a U.S. subsidization of Cuban sugar was aiding the Communist design. It is generally accepted in the sugar trade that it costs $3.50 per cwt. to produce sugar in Cuba. Since the world price was usually below this figure, the only large source of foreign exchange which Cuba had was its quota in the U.S. market. This 3 million ton annual sale at upwards of $5.80 per cwt. provided Cuba with a price differential of $150 million per year. Even if Cuba managed to sell her quota loss on the world market, the loss in foreign exchange could speed the economic deterioration and help to force a change of government.

4. To date the only major evidence of a firmer U.S. policy has been the passage of the revised Sugar Act and the President's immediate action in cutting 700,000 tons off the Cuban quota in the favoured U.S. market. This action has been branded by Cuba as "economic aggression." But, seen by an observer in Cuba, following six months of increasingly violent anti-American propaganda by the Cuban government, the U.S. action seems more a defensive than an aggressive one. Cuban government leaders had been deriding and criticizing the U.S. sugar quota system for many months. During May, "Che" Guevara, President of the Banco Nacional, in a public speech said that the U.S. was enslaving Cuba by means of Cuba's 3,000,000 ton sugar quota bought at premium prices.

5. Cuba, by her import controls imposed in December, 1959, has deliberately cut her imports from the U.S. by a third or more and has entered into barter agreements with USSR and its satellites and Communist China, thus lessening her need to trade with the U.S. or to earn U.S. dollars. All of the current U.S. quota cut (700,000 tons) plus another 1,000,000 tons has been sold to USSR this year, along with an additional 500,000 tons to Communist China. And these sales to Communist countries have been on the basis of 20 percent cash and 80 percent barter. Thus the Cuban government has deliberately and voluntarily switched its trade from the U.S. to Communist countries, and from a cash basis to principally a barter basis. This policy was being implemented many months before the U.S. had even considered cutting the Cuban sugar quota. The U.S. quota cut could conceivably be considered a result of Cuban trading policies, not a cause of them.

6. Cuban leaders have argued that the quota cut has not harmed Cuba in the least. From their speeches, it seems evident that they welcomed the quota cut as an excuse for claiming "capitalistic aggression," as a means for rallying support both within Cuba and abroad. It still is open to question as to whether this support has been achieved. The radical fringe within Cuba and abroad has apparently supported the Cuban stand, while more conservative elements have hung back. The dividing up of this 700,000 ton "melon" amongst other world sugar producers has probably gained support for the U.S.

7. Probably the U.S. is confident that in time Cuba will be forced to realize her economic position is weak, if not untenable. She has replaced the U.S. sugar market, where she earned a cash price between 5.5 cents and 6 cents per pound with a Communist bloc market paying about 3.25 cents per pound of which only 20 percent is cash, and the balance is merchandise of as yet unknown quality. We can conjecture that the U.S. considered a continuation of Cuba's sugar quota meant a continuing subsidy to Cuba's communist government, for which they could expect no thanks and no benefit, and a continuing dependence of the U.S. on an unfriendly and unstable source of supply for sugar. On the other hand, a cut in the quota could enable the U.S. to develop other more reliable sources of supply, could develop further support amongst other sugar producers, and would probably put Cuba into a difficult economic position which might well lead to the overthrow of her communist government.

8. It may be that the State Department was poorly advised in cutting the quota and succeeded merely in hastening the alienation of Cuba from the Western to the Soviet camp. It is too early to judge whether in the long run the new policy will help to unseat Fidel Castro, although its immediate effects appear to have been entirely negative. Now that the new firmer policy has been implemented by cutting the quota, we believe there is considerable justification for a Canadian "wait and see" attitude. If we now publicly condemn this policy, we run the risk of contributing to its failure and thus, in a way, forcing the U.S. to take more drastic steps. The U.S. would probably be willing to consider more drastic steps since Washington has stated publicly that it could not condone a Communist dictatorship on its doorstep. Canada might serve its own interests, and those of the U.S. and Latin America, best by refusing to be drawn into the Cuban-U.S. quarrel on one side or the other at this stage. We may have to take a definite stand at some later moment, but we should wait.

ALLAN C. ANDERSON

603. DEA/2444-A-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], August 11, 1960

DISCUSSIONS WITH BRAZIL AND MEXICO CONCERNING U.S.-CUBAN RELATIONS

The Mexican Ambassador called on Mr. Cadieux this afternoon and left the attached memorandum concerning the conversation held in Havana, on August 5, between the Prime Minister of Cuba and the Ambassadors of Mexico and Brazil to Cuba.

2. The Mexican Ambassador said that it was quite interesting to note that the Prime Minister of Cuba had not rejected the offer of good offices; it was not impossible that, in the course of the discussions between the O.A.S. Ministers, the suggestion might emerge that certain

countries might offer their good offices or might explore the situation and submit a report for subsequent consideration by the Council of Ministers.

3. The Mexican Ambassador added that, very likely, by now, most Foreign Offices in Latin America were aware that exploratory talks had taken place and, in such circumstances, a proposal for good offices might be entertained as a natural development at the O.A.S. meeting. He felt that, in any event, it was fortunate that no public leak had occurred and that the possibility of renewing the offer of good offices at a later date had not been prejudiced.[22]

N.A. R[OBERTSON]

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

PERSONAL AND CONFIDENTIAL. Ottawa, August 10, 1960

Summary of a conversation held Friday evening, August 5, 1960, between the Prime Minister of Cuba, Mr. Fidel Castro, and the Ambassadors of Mexico and Brazil to Cuba

Accompanied by Foreign Minister Raúl Roa, the Ambassadors of Mexico and Brazil to Cuba visited the Prime Minister of Cuba, Dr. Fidel Castro, for the purpose of informing him that their Governments desired to be helpful in seeking an alleviation of the situation existing between his Country and the United States. He listened in silence to the Mexican Ambassador's exposition, but as soon as the latter had finished, he stated that he would be lacking in sincerity if he did not tell them that it would be extremely difficult for his Government to give a favourable answer because of the fact that it had decided to order the nationalization of most of the American properties in Cuba in compliance with a decree proclaimed to counteract the acts of economic aggression perpetrated by the Government of the United States in arbitrarily cutting down the sugar quota allotted to Cuba.

Briefly, the Prime Minister of Cuba did not accept but neither did he reject an eventual offer of good offices.

604. DEA/11687-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL Ottawa, August 11, 1960

I met with Dr. G.F. Davidson, Deputy Minister of Citizenship and Immigration, and Commissioner C.W. Harvison of the R.C.M.P., on August 10 to discuss the problem of restricting the entry to Canada as non-immigrants of revolutionary-minded Cubans and facilitating the immigrant entry to Canada from Cuba of persons who did not wish to continue to live under the Castro régime.

Regarding the first problem, I mentioned that you were concerned about the embarrassment that might be caused to the Canadian Government if we continued to admit as non-immigrants

[22] Notes marginales :/Marginal notes:
Memo & enclosure to be seen by PM. R. C[ampbell] 12/8
Seen by P.M. 16/8 [Auteur inconnu/Author unknown]

persons such as Major-General Pedraza, who were actively working for the revolutionary overthrow of the present Cuban Government.

Dr. Davidson stated that under the Minister's authority for waiving visas under section 18(11) of the Immigration Regulations, native-born citizens of Latin American countries, including Cubans, did not need to have non-immigrant visas to enter Canada. (Also, the citizens of any country, including naturalized Cubans, who were in the United States, did not necessarily need non-immigrant visas to enter Canada.) Dr. Davidson proposed that he should recommend to his Minister that Cuban citizens entering Canada from any country be removed from the classes of persons who were exempt from the requirement of having non-immigrant visas, so that all Cubans henceforth would have to obtain non-immigrant visas before entering Canada. It would be possible, of course, to re-institute the instruction permitting Cubans visa-free entry whenever the circumstances changed. I mentioned that it might be desirable to consider including certain other Latin American countries with Cuba in the changed instructions — for instance, Venezuela. (The Venezuelan Embassy has recently requested us if possible to refuse entry to, or at least keep under surveillance, a Major Martin Parada who, they feared, would soon seek entry to Canada in order to purchase arms illegally in order to foment a revolution in the interests of ex-President Perez Jimenez.) Dr. Davidson also suggested that the present non-immigrant entry to Canada of Major-General Pedraza and other revolutionary-minded Cubans should not be extended, so that they would be required to leave the country and proceed, as was their intention, to Mexico.

Both Dr. Davidson's proposals were agreed to. Dr. Davidson will make a recommendation on the above lines to his Minister and will also recommend to her that Canadian posts abroad should be instructed, before the new instructions are issued, to resort to administrative delays should Cuban counter-revolutionaries apply for non-immigrant visas to enter Canada.

With regard to the second problem, I expressed the view that it would be desirable to facilitate the immigrant entry of deserving Cubans who no longer wished to live under the Castro régime. Under the present Immigration Regulations only the close relatives in Cuba of Canadian citizens or permanent residents of Canada are admissible to this country as immigrants; Cubans without sponsors in Canada are not normally admissible except as cases of exceptional merit because of the lack of security screening facilities in Cuba. I therefore stated that it might be desirable to waive or relax the security screening rules as they apply to Cubans, on the understanding that they could be put into effect again should circumstances change. Such a relaxation would permit the entry of deserving Cubans who were not now admissible and this seemed desirable in present circumstances.

Dr. Davidson and Commissioner Harvison agreed with the views I expressed and the former undertook to recommend to his Minister that she seek Cabinet approval for waiving in certain circumstances the security screening requirements as they apply to Cubans so long as present conditions last. Should the Castro régime be overthrown, the situation would be re-examined. If this recommendation were approved by Cabinet, the Canadian Embassy at Havana would be instructed to continue to discourage applications from Cubans for immigrant visas except in those circumstances where the applicants appeared to be deserving of special consideration, in which cases they would refer the applications to Immigration headquarters which would decide on the basis of the evidence whether security screening could be waived under the terms of the Cabinet directive.

N.A. R[OBERTSON]

605. DEA/4568-40

Le conseiller commercial de l'ambassade à Cuba au chef de la Direction de l'Amérique Latine

Commercial Counsellor, Embassy in Cuba, to Chief, Latin American Division

CONFIDENTIAL Havana, August 16, 1960

CANADIAN TRADE WITH CUBA

I wrote on August 10† under the heading "Confiscation of U.S. Property" giving the bare facts of the confiscation carried out on August 6. My letter advised that further comments would be forwarded by the next bag. Here they are.

2. The list of confiscated companies comprises Cuba's principal electricity company (Cia. Cubana de Electricidad), the principal telephone company (Cuban Telephone Co.), all 36 U.S.-owned sugar mills, and 3 U.S.-owned oil companies (Texaco, Esso and Sinclair). Canadian-owned Cia. Petrolera Shell de Cuba was not confiscated, but remains intervened.

3. From the point of view of Canadian exporters, the credit standings of these confiscated companies is now weakened somewhat. Probably all of them had been quite prosperous, with excellent credit ratings. The only problem in obtaining payment from them was that of securing permission from the Banco Nacional for release of dollars. Now that they have been confiscated, and placed under new, and in many cases inexperienced management, their status is not quite so sound. (The new general manager of the electricity company is 26 years old, and we have heard of 3 sugar mills whose new managers had been, respectively, a carpenter, a mason, and an ice-cream vendor. Apparently, membership in the Communist Party is their principal qualification.) However, since the companies are owned by the Cuban government, we must presume they will generally have financial backing from the government treasury. Confirmed letter of credit is the most common and the safest means of selling in Cuba today. Some Canadian firms, for competitive reasons, are selling on sight draft, or even on terms. But I think this should be done only when absolutely necessary in order to obtain the business, and the seller should watch his uncollected debts very closely.

4. Another point to consider is that many firms in Cuba, whether confiscated or not, as well as Cuban government agencies, are attempting to switch their sources of supply from the United States to Canada or other countries. I am treating all such matters as normal trade enquiries to be forwarded to the Department or to Canadian exporters. I realize, however, that in some instances Canadian suppliers may refuse to ship to Cuba, for fear of losing the friendship of the Canadian affiliates of confiscated or intervened companies. A case in point is the Continental Can Co. branch plant in Cuba. This has just been intervened by the Cuban government, and the new management is looking for supplies in Canada. Whether Canadian suppliers of tinplate, lacquer, glue, etc. will accept this business remains to be seen. It seems to me that a Canadian supplier who already sells to Continental Can in Canada, might hesitate to accept orders from the Cuban branch under present circumstances, for fear of losing his business with the Canadian company.

5. I feel that for the moment this is a problem for the companies concerned, and not for the Canadian government. This question has long-term implications, since I don't think Cuba will ever return to the close trading ties with the United States, and there may be better opportunities in future for Canada and other suppliers to compete here with the United States at least on a equal footing, and possibly with an advantage over that country.

6. Copies of this letter are being sent under separate cover to the Department of External Affairs. We have received a copy of a recent telegram sent by External to our Embassy in Washington† concerning the possible sale of Canadian coal to Cuba, to replace traditional American supplies, and have cabled External asking to be kept informed of any Canadian policy developments in this matter.

7. I should be glad to have your comments.

R.R. PARLOUR

606. DEA/11687-B-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur à Cuba

Secretary of State for External Affairs to Ambassador in Cuba

TELEGRAM C-568 Ottawa, August 17, 1960

SECRET

Reference: Your Tel 80 of Aug 11.†

We have been carefully following Major General Pedraza's statements and activities while in this country. Pedraza was admitted for thirty days without a visa by the Immigration Officer at the Canadian port of entry and his stay expires on September 4. The preliminary views of the Department of Justice about the statements he made in Montreal concerning fomenting an armed uprising against the Castro Government[23] is that he had probably not violated any section of the Criminal Code, since the Criminal Code speaks of unlawful assembly and disturbances of the peace in Canada but does not repeat not, Justice believes, prohibit statements about the fomenting of revolution in foreign countries provided the peace has not been disturbed in Canada.

2. The Minister has been concerned, nevertheless, about Pedraza's statements and the effect this might have on Canadian-Cuban relations. The government naturally does not approve of Pedraza's statements, is anxious to see him depart, and has no intention of turning this country into a base for anti-Castro activities by Cuban counter-revolutionaries. The situation is being carefully watched. Any violation by Pedraza of the non-immigrant status under which he was admitted could result in immediate action being taken towards his departure from Canada. This matter was discussed at a meeting with the Deputy Minister of Citizenship and Immigration and the Commissioner of the R.C.M.P., the record of which has been sent to you by bag. It was agreed that Pedraza's stay in Canada would not be extended beyond the period for which he was originally admitted, so that at the end of this period he would leave for Mexico as was his intention. There is no intention of granting him political asylum and he has not asked for it.

3. You will be in the best position to decide whether you should tell the Cuban Government of our attitude to Pedraza and of our intention to see that he departs by September 5, or whether you should wait until the Cuban Government itself approaches you about him. The Cuban Embassy here has not raised the matter with us and there has been no discussion of it in Parliament.

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[23] Voir/See « Ennemis de Castro … », *Le Devoir*, 8 août 1960, p. 3.

607. DEA/2444-A-40

Le premier ministre
au président de la République du Mexique

Prime Minister
to President of Republic of Mexico

PERSONAL AND CONFIDENTIAL Ottawa, August 18, 1960

My Dear Mr. President:

I was sorry that the tentative approach, made in the name of Brazil, Mexico and Canada, to the governments of Cuba and the United States, did not lead to an early lessening of the present tension.

It is, however, comforting that the exploratory démarche, putting forward our common good offices was not altogether rejected. I fully agree with your assessment of the later developments.

The Government of Canada views, with great concern, the present growing unrest and deterioration in the relations between these two countries, with which we have always entertained the most cordial relations. I am personally convinced of the necessity, for all the countries in our hemisphere, to remain united and to pool their efforts in seeking a solution.

I sincerely hope that the governments of Brazil, Mexico and Canada will continue to exchange views on this question, and, if this appears to be opportune, to seek some workable solution to this outstanding problem.

I will be following closely the developments of the forthcoming conference of San José, with the sincere hope that it will facilitate progress towards the settlement of the current deadlock.

While, so far, our efforts have not led to immediate results, I am gratified that they have given us an opportunity to exchange views in a matter of immediate interest, and to cooperate intimately in a joint undertaking.

Please accept, Excellency, the renewed assurances of my highest consideration, and of my personal friendship.

JOHN G. DIEFENBAKER

608. DEA/4568-40

L'ambassadeur à Cuba
au sous-secrétaire d'État aux Affaires extérieures

Ambassador in Cuba
to Under-Secretary of State for External Affairs

LETTER NO. L-557 Havana, August 23, 1960
CONFIDENTIAL
Reference: Our telegram 52 of July 8, 1960.†

CANADIAN BANKS IN CUBA

In out telegram under reference we informed you of the visit to Canada of two senior officials of the Cuban Government. We later learned that Sr. Segundo Cebellos who we identified as Assessor-General of INRA is also head of the Foreign Credit Section of the

Banco Nacional. Although we have been unable to obtain definite information regarding the activities of these two officials in Canada, we believe that their main purpose was to visit the head office of the Royal Bank of Canada. Officials of the Royal Bank in Havana have given us hints, although they refuse to give us details.

2. Apparently the Royal Bank has decided to back the present Cuban régime in some unknown way. We were told that officials of the Royal Bank in London, New York and Montreal were assisting in this policy. Bank officials justify their action on the basis that they are not interested in politics but only in business and that it is to their advantage to pick up business being dropped by American banks in Cuba and to carry on business relationships as normally as possible with the Castro Government. They have hinted to us that because of their policy, the Cuban National Bank is giving them more favourable consideration.

3. During a recent dinner at the home of the Assistant Supervisor of the Royal Bank, we received another indication of the policy the bank is following. Again we were unable to obtain details but bank officers at the dinner informed a member of this Embassy that they had, that day, received an order from Cuban Government authorities to re-route one and a half million dollars worth of sugar then on the high seas from one destination to another. From the conversation, we assumed that this sugar sale had been backed by the Royal Bank and may have been made to Japan. We gained the impression that the new destination was to be Communist China and that the U.S. officers of the Royal Bank were opposed to following the order issued by the Cuban Government. The bank officers here phoned a senior officer of the bank in Canada during the dinner and obtained his permission to send a telegram to their Hong Kong agents re-routing the sugar shipments.

4. The bank is, of course, not required to inform us of its relationship with the new Cuban Government. In private conversations we have asked bank authorities whether they do not anticipate difficulty if the Castro régime should fall but they believe that their record as an impartial business concern will protect them. You may be interested in these bits and pieces of information because there is always a possibility that some action the bank may take in line with its policy may redound to the credit or discredit of Canada's reputation here in Cuba.

ALLAN C. ANDERSON

609. DEA/2444-40

L'ambassadeur à Cuba
au secrétaire d'État aux Affaires extérieures

Ambassador in Cuba
to Secretary of State for External Affairs

TELEGRAM 97 Havana, September 1, 1960
CONFIDENTIAL. OPIMMEDIATE.
Reference: My Tel 96 Sep 1.†

CUBAN-USA RELATIONS

At San José[24] Roa expressed willingness to negotiate with USA. It was only one sentence at the end of a bitter and uncompromising speech but nevertheless offer was made.

[24] Voir/See G. Barraclough, *Survey of International Affairs 1959-60* (London: Royal Institute of International Affairs/Oxford University Press, 1964), pp. 494-99.

2. If Washington were imaginative enough to pick this up quickly and say publicly "we accept your offer we will sit down and negotiate with you" it is perhaps just barely possible that something might be accomplished. I have a hunch, and nothing more, that Cuba may have been shaken by San José and may really be willing to try negotiation.

3. After all the abuse they have taken USA would have to lean over backwards to make this gesture but at this desperate stage any straw should be grasped. At least gesture might help position USA in eyes of other Latin Americans. If Cuba then refused to negotiate blame would be off USA shoulders and on Cuba.

4. I have not repeat not spoken to Bonsal. If we were to consider making this suggestion privately to USA it would come much more effectively from East Block to State Department through one or other ambassadors.

5. It may already be too late. Herter may have missed a great opportunity. If he had picked up offer instantly the atmosphere might have improved. Also Castro may close door when he speaks tomorrow at mass meeting.

6. Only danger I see in my suggestion is that Castro might use USA gesture to strengthen his position with mass Cuban and Latin America boasting that he and Roa had forced the USA to this concession if convenient nevertheless I submit it for what it may be worth.

610. DEA/2444-40

L'ambassadeur à Cuba
au secrétaire d'État aux Affaires extérieures

Ambassador in Cuba
to Secretary of State for External Affairs

TELEGRAM 98 Havana, September 3, 1960

SECRET. OPIMMEDIATE.

Reference: My Tel 97 Sep 1.

Repeat Washington from Ottawa (Information).

CUBA-USA RELATIONS

As I feared, it is already too late for my suggestion to have any value. I do not repeat not now see how USA could pick up Roa's offer to negotiate after Castro's outburst last night.[25] Text or partial text will undoubtedly be in today's *New York Times*.

2. Highlight (a) he cancelled 1952 military treaty with USA (b) made a threat on Guantanamo (c) totally condemned OAS declaration "dictated by USA imperialism" and attacked foreign ministers for not repeat not calling "assemblies of their people" (d) accepted Soviet aid, including rockets, in case of invasion (e) accepted aid of communist China, in case of aggression (f) stated intention to initial diplomatic relations with all "socialist" people (g) stated relations would be established with communist China and broke off relations with nationalist China (h) blamed USA for everything that was wrong in Latin America and (i) abused USA through nearly three hours. (On previous night Roa and Raul Castro had both made bitter attacks on USA OAS and all Latin American governments.)

[25] Voir/See R. Hart-Phillips, "Castro Says Cuba Will Recognize Communist China," *New York Times*, September 3, 1960, p. 1; *Documents on International Affairs, 1960* (London: Royal Institute of International Affairs/Oxford University Press, 1964), pp. 597-600.

3. Most of these points were included in his "Declaration Havana," which he put in name of "General National Assembly" referring to huge mob he was addressing. TV showed these, as usual, mostly (group corrupt) workers brought in in train loads plus militia and hooligan elements of Havana.

4. If you get any clues as to USA intentions I should appreciate being informed. I shall inform you of anything I learn here.

5. I should be grateful for any guidance on Ottawa thinking that you can let me have. Castro's speech, his strongest in many months, seemed to us to put Cuba irrevocably in Soviet camp.

611. DEA/2444-A-40

L'ambassadeur au Mexique
au secrétaire d'État aux Affaires extérieures

Ambassador in Mexico
to Secretary of State for External Affairs

DESPATCH NO. 525 Mexico, September 3, 1960

CANADIAN EYES ONLY. SECRET.

Reference: Your telegram XL-11 of August 31, 1960.†

MEETINGS OF AMERICAN FOREIGN MINISTERS AT SAN JOSÉ — MEXICAN FOREIGN MINISTER'S REACTION

Mexico's Minister of External Affairs, Don Manuel Tello, has returned from the two American Foreign Ministers' Meetings at San José, Costa Rica, with very mixed feelings as to their outcome. As revealed in a fifty-five-minute confidential conversation last night, he is highly satisfied with the action taken by the Sixth Meeting in applying sanctions against the Dominican Government because of its proved complicity in the attempt against the life of President Betancourt of Venezuela.

2. On the other hand, the Minister described the action taken by the Seventh Meeting on the Cuban-U.S. dispute as "futile and dangerous" — futile in the sense that it would do nothing to deter the Castro Government from a course of action which he regards as a threat to the peace of the American community; and dangerous in the sense that, for the short run at least, it would tighten Fidel Castro's hold over his own people and strengthen pro-Castro movements in other Latin American countries. He qualified the latter assertion by saying that, in the long run, the seven-point San José Declaration would probably be a useful instrument for dealing with extra-continental threats against the Americas; nevertheless, when I asked him what action he would have liked to have seen the Seventh Meeting take in dealing with the Cuban question, his answer was: "Better to have had no meeting."

3. The Minister now feels that there is no hope that the Castro Administration will compromise its quarrel with the United States, that, for the time being at least, mediation is impossible and that the only solution to the Cuban problem is a counter-revolution of the Cuban people against their present government.

SIXTH MEETING OF MINISTERS

4. Sr. Tello's comments on the outcome of the Sixth Meeting were relatively brief. He said the evidence collected by the Investigating Committee indicated there was absolutely no doubt that the Dominican Government had been involved in the attempt against the life of the Venezuelan President. Garcia, the Dominican Police Chief, had been one of the instigators of

the plot and Generalissimo Trujillo himself had interviewed the agents who carried out the attempt. He did not elaborate in detail, but said he would send me a copy of the Investigating Committee's report.

5. The Minister placed great emphasis on the fact that the nineteen OAS members not involved in the dispute had reached a unanimous finding and that they had agreed on positive action based on the principle of non-intervention to which Mexico was so firmly committed.

6. He confirmed newspaper reports which had indicated that at the outset of the meeting, the United States had been disinclined to approve immediate sanctions against the Dominicans; and expressed satisfaction at the fact that persistent pressure by Latin American Delegations had induced the U.S. Delegation to accept a resolution which had satisfied the majority view. When I asked him if press description of the outcome of the meeting as "a victory for Latin America" was justified, he said that the phrase was not inexact.

SEVENTH MEETING OF MINISTERS

7. The Minister prefaced his rundown of the Seventh Meeting by telling me of de la Colina's conversation with you or Mr. Robertson — he was not sure which — prior to Mexico's acceptance of a place on the Six-Power Conciliation Committee appointed by the Conference. He told me you had said you had expected some such development and had not taken exception to it. I got the impression that expression of a contrary view by you might well have influenced Mexico's decision as to participation.

8. The Minister then went on to describe in some detail the struggle that had gone on at the meeting to achieve a compromise resolution. The Cuban charges of U.S. aggression, of course, had never had a chance. The initial strongly-worded U.S. resolution condemning Cuba had been unacceptable to the majority. A moderate resolution, condemning both extra-continental and intra-continental intervention of one state in the affairs of another and exhorting Cuba to adherence to the inter-American system, sponsored by Mexico, Venezuela, Peru, Ecuador, Haiti, Panama, Bolivia and Honduras, had not won majority support. The next move had been introduction by Argentina, Brazil and Chile of a more strongly-worded resolution condemning intervention and mentioning Cuba by name. This had won the support of seven other countries and then had begun the struggle of ten against eight.

9. From the outset, and throughout all the negotiation and argument which had finally resulted in the seven-point declaration, the Cuban Delegation had been "absolutely rigid." The Cubans had been interested only in public sessions in which they could launch public attacks against the United States and, for the most part, had not even bothered to attend the closed committee meetings.

10. In this connection, however, the Minister was critical of the manner in which some of the meetings had been handled. Some committee meetings chaired by the Colombian Foreign Minister had been held without the Cubans being notified. On the other hand, meetings of a sub-committee of eight, which had excluded both the U.S. and Cuba from membership, had been bedevilled by the fact that two of its members had been continually running to the U.S. Delegation for instructions during the course of negotiations from which the U.S. was supposed to be excluded. When I asked the Minister if he could name the two countries, he laughed and refused, saying that he thought he had gone far enough, but added "Don't get the idea they were small countries."

Refusal of Peruvian and Venezuelan Ministers to Sign

11. As to the refusal of the Peruvian and Venezuelan Ministers to sign the final document, Sr. Tello said that the Peruvian had received what amounted to an ultimatum from the Peruvian Minister of War and the Minister of the Navy stating that he had to sign without qualification and without making any declaration. The Peruvian had felt that this was an infringement of his

prerogatives as Minister of Foreign Affairs and had, in effect, told his two associates to go to the devil and refused to sign personally, although, as you know, his second had done so.

12. The Venezuelan, on the other hand, at the last minute had been told by one of the principal parties constituting the Venezuelan governmental coalition that he should sign the declaration only after the addition of three additional paragraphs which, in effect, declared that any American country had the right to establish diplomatic and commercial relations with any country with which it might wish to establish such relations. Although Sr. Tello had felt that these amendments were completely unnecessary and that such rights were implicitly confirmed in paragraph three of the declaration, Mexico had supported the amendments in the interests of harmony. The Venezuelan, however, had secured the support of only four countries and, when defeated, had refused to sign. Both refusals, in effect, had arisen from domestic disputes in the countries concerned.

Reactions of Delegations

13. As already indicated, Sr. Tello himself was unhappy about the final result and he also argued that this reaction had been general. Cuba of course, was the reverse of satisfied and, in his view, despite public declarations implying the contrary, the U.S. Delegation had not been really satisfied with the results. As for the Latin Americans, Guatemala and Nicaragua had wanted a much stronger resolution and the other members of the original opposing groups of eight and ten were disappointed that their respective drafts had not been accepted.

14. As to his own feeling that the final resolution had been both futile and dangerous, the Minister argued that condemnation of any government by foreign governments invariably resulted in the rallying of its people to the support of the government condemned. This had happened with the Peron régime in Argentina and it would happen in Cuba. Castro's position with his own people would be strengthened as would the position of his supporters in other Latin American countries.

15. Many of his colleagues were worried about the pro-Castro movements in their respective countries. In Argentina, the pro-Castroites were working closely with the Peronistas. In Peru, students and some of the unions were participating in Castro-inspired agitation because they were afraid of a military coup d'état. There was strong support for the spread of Castro revolutionary ideas in Venezuela. Haiti was afraid of mass infiltration of pro-Castro agitators.

16. When I asked the Minister why, feeling as he did, he had supported the final declaration, he said he had done so because it had incorporated key principles of policy to which Mexico had steadfastly adhered, particularly the principles of non-intervention, in either extra-continental or intra-continental context, and of the right of any state to develop its own political, economic and social policies without interferences. When I asked what action he would have preferred to have seen the Conference take, his answer was as already reported: "Better to have had no meeting."

Assessment of the Cuban Situation

17. At this point, the Minister proceeded to his appreciation of the Cuban situation. The key members of the Castro Administration, he went on, not only knew they were committing suicide but would welcome it. On the last day of the Seventh Meeting, Foreign Minister Roa of Cuba had said in his presence and that of the Venezuelan Foreign Minister that he and his associates knew they were committing suicide but that they believed they would render a greater service to the Americas dead than alive. Roa had spoken of a blood bath. He and his associates obviously were driven by a messianic complex and visualized themselves as potential martyrs.

18. In answer to criticism of Cuba's acceptance of Russian aid, Roa had said that Cuba had not asked for such aid and that it had been offered spontaneously. In its present position, Cuba

would accept help from any quarter, including "the help of the Queen of England." The Cuban Government was not Communist nor was Cuba a satellite of any country, particularly not of the United States.

19. In Sr. Tello's view, Castro's régime was making the same mistake that the Hungarians had made. Cuba simply could not succeed in a revolt against the United States. And as far as the United States was concerned, it would be less dangerous to have a Communist régime in Florida than to have a Communist régime in Cuba.

20. For the time being, the Cuban people seemed to be hypnotized by Castro, but this condition could not last forever. The Castro régime was destroying the Cuban economy and destroying the personal liberties of a highly individualistic people. Furthermore, the Cubans were essentially Spanish and American and, in the long run, their emotional responses would be conditioned by this fact (meaning, I gathered, that in the long run they would accept association with Russia).

21. Any attempt at intervention from outside would be a mistake. Time should be given for the Cuban people to settle the problem in their own way. "Castro won't last. It may take one, two or three years, but he can't last." The only solution was a counter-revolution which would bring more normal people to power.

22. Sr. Tello went on to say it was conceivable that the Cuban situation could lead to a third world war. Despite the fanaticism of Castro and his colleagues, however, he did not think they would go the length of attacking the U.S. Base at Guatánamo, or of signing a military pact with the Russians or offering them bases on the island. He felt that the Russians were aware of the risks involved in the situation and that even if the Cuban Administration offered such bases, the suggestion probably would be rejected. On the other hand, the U.S. simply could not allow establishment of a Soviet beachhead in Cuba and if any move were made in this direction, the resulting situation would be grave.

Possible Appeal to U.N. Assembly

23. The Minister also referred to the possibility and even probability that the Cubans would take their case to the approaching United Nations Assembly. If this were to happen, he felt they would win considerable support and the resulting situation might be difficult. They would, of course, get the support of all the Communist powers and he felt there was a strong possibility they would also be backed by the Arabs and by some Asiatic and African states. When I asked him what he thought the best tactic would be in such a situation, he tentatively suggested the line that the question was one which properly belonged to the jurisdiction of the Inter-American Organization, that this organization had already considered the issue and had provided machinery to deal with it. He emphasized, however, that this suggestion was only tentative.

24. In concluding the conversation, Mr. Tello spoke warmly of our desire for a continued interchange of views with his Government, said that he would keep us informed as to subsequent developments and asked me to convey to you his warmest personal good wishes.

W.A. IRWIN

612. DEA/2444-A-40

L'ambassadeur au Mexique
au secrétaire d'État aux Affaires extérieures

Ambassador in Mexico
to Secretary of State for External Affairs

DESPATCH NO. 526 Mexico, September 3, 1960

SECRET. NO DISTRIBUTION.

Reference: Our letter No. 520 of September 2, 1960.†

MEDIATION OF U.S.-CUBA CONFLICT

At the outset of my conversation with Foreign Minister Tello of September 2 (my despatch No. 525 of September 3), I took advantage of the opportunity to congratulate him on President Lopez Mateos' State of the Union Message to Congress of the previous day.[26] Having done so, I then said I had been surprised at the President's reference to attempted mediation by Mexico and other countries of the conflict between Cuba and the United States. I had thought our understanding was that nothing would be said publicly about the three-power mediation discussions unless there was a press leak which made some kind of statement necessary.

2. In reply, the Minister said there had been a press leak in Brazil and that newspaper correspondents at the San José American Ministers Meeting knew there had been Brazilian-Canadian-Mexican discussions. In any event, no identification had been made by President Lopez Mateos of the other two countries involved.

3. Sr. Tello has a good poker face, but I got the impression that he was a little embarrassed by my reference to the subject. If such was his reaction, however, it did not seem to inhibit his subsequent lengthy and very frank appreciation of the San José Meeting and the Cuban situation, during which he said he now felt that mediation of the U.S.-Cuba conflict was, for the time being at least, a dead issue.

W.A. IRWIN

613. DEA/4568-40

Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], September 6, 1960

GOVERNMENT POLICY TOWARDS CANADIAN BANKS
IN CUBA AND THE DOMINICAN REPUBLIC

There are indications that the subsidiaries in Cuba and the Dominican Republic of the Royal Bank of Canada and the Bank of Nova Scotia have established with the present régimes in these countries profitable relationships which may involve them in difficulties at a later date should these régimes fall or alter their policies. In either event, the Canadian Government may be called upon for assistance by these banks. Meanwhile, it may receive representations from

[26] Voir/See "Mexican Cites Hope of Caribbean Peace," *New York Times*, September 1, 1960, p. 6.

United States authorities concerning the operations of these banks in favour of régimes regarded as hostile to the United States.

It would seem useful to examine in this regard the principles which should govern Canadian policy on private Canadian investments abroad, as decisions in particular cases may have to be taken in the next few months.

Although the subsidiaries of the Royal Bank of Canada and the Bank of Nova Scotia in Cuba and the Dominican Republic were founded with capital belonging to Canadian citizens and have for more than half a century sent remittances to their head office on which the Canadian Government has levied taxes, these banks are established and must operate under the laws of these countries. By refusing to cooperate with the local authorities in accordance with local regulations and rules of conduct, they would invite trouble and possibly expropriation. If they refused to cooperate on the advice of the Canadian Government and suffered loss of money, property and good-will as a result, they could normally claim and expect compensation from the Canadian Government. Unless the Canadian Government is willing to assume these risks and responsibilities, it should refrain from influencing for political reasons, in any overt or covert way, the operations of these banks in Cuba and the Dominican Republic.

Moreover, since foreign investments in Canada are more important to this country than Canadian investments abroad, it would not be in the national interest for the Canadian Government to impair its authority over foreign capital by taking on behalf of companies belonging to Canadian citizens in other countries any action that could not be countenanced on the part of other states in respect of companies owned by their nationals in Canada. The Canadian Government should not interfere in the activities of Canadian companies outside Canada any more than it would allow foreign governments to interfere in the activities of foreign-owned companies in Canada.

The Royal Bank of Canada and the Bank of Nova Scotia are consciously and willingly taking political risks in Cuba and the Dominican Republic, presumably because they consider that their profits justify these risks. If they should run into difficulties later on as a result of such dealings, they might ask the Canadian Government to come to their aid by issuing notes of protest, threatening economic reprisals or resorting to other forms of political pressure. Such diplomatic support, if it runs against a Canadian policy of good relations with the present or future governments of these countries, should be withheld, unless more is at stake than the protection of Canadian venture capital. If the lives of Canadian citizens are endangered for instance, or the rights of Canadian citizens under local laws are unjustly denied and all legal remedies are exhausted, it would be in order to examine what steps could be usefully taken in the circumstances. However, Canadian private interests should not count on diplomatic support if they encounter difficulties resulting from political risks which they have deliberately undertaken.

If the United States authorities make representations concerning the activities of the Royal Bank of Canada and the Bank of Nova Scotia in the Caribbean area, they could be informed that subsidiaries of Canadian companies abroad are expected to operate in accordance with local laws and that it is not Canadian Government policy to interfere in the activities of such companies any more than it is Canadian Government policy to allow foreign governments to interfere in the activities of companies owned by their nationals in Canada.

As a rule, the policy of the Canadian Government towards Canadian companies abroad should not differ from the policy which the Canadian Government expects foreign countries to observe with respect to foreign-owned companies in Canada.

I attach copies of reports from the Canadian Embassy in Cuba† and from the United Kingdom Embassy in the Dominican Republic which have a bearing on this question.

M. C[ADIEUX]
for Under-Secretary of State
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

EXTRACT FROM REPORT OF FEBRUARY 9, 1960, FROM
THE UNITED KINGDOM EMBASSY IN THE DOMINICAN REPUBLIC

Though the Government adheres to its traditional policy of not raising unsecured loans abroad (it could not in fact raise them), the Trujillo Empire which controls very large commercial assets (Government assets also drift into this Empire as required) was very glad to receive advances from the Bank of Nova Scotia, secured up to the hilt on sugar stocks, mortgages on sugar estates and the monetary gold reserve of the Dominican Central Bank which has been delivered into the custody, in Canada, of the Bank of Nova Scotia. It is believed that the Generalissimo ordered the Central Bank to commit some irregularities and that the Bank of Nova Scotia has taken the risk of being involved in a political scandal should the present Dominican Government collapse. Both banks seem to have gambled on an increase in the price of sugar after 1959. The local manager of another Canadian bank estimates that the total money out on loan by the Bank of Nova Scotia in this country reached $50 million in 1959.

614. DEA/4568-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], September 14, 1960

CANADA AND THE QUESTION OF CUBA

The main source of conflict between the United States and Cuba is the threat to the security of the United States posed by the growing influence in Cuba of the Communist powers. At the recent conference of the OAS foreign ministers in San José, the Secretary of State of the United States submitted proofs of the Cuban Government's Communist orientation, of the missionary zeal of its propagandists throughout the Western Hemisphere and of the assistance it was receiving from Eastern Europe and Communist China. He did not, however, produce evidence of overt intervention by the Soviet Union in the Americas, and the meeting, which had imposed diplomatic and economic sanctions against the Dominican government for its participation in an attempt against the life of the President of Venezuela, did not deem it proper to take collective action against Cuba. While Cuba cannot be considered a Soviet satellite yet, it seems to be attracted strongly towards the Soviet orbit and its estrangement from its American neighbours is a fact which should give concern to Canada.

Although the present rulers of Cuba are not doctrinaire Marxists, they are following Marxist principles and applying Marxist methods in erecting the structures of a totalitarian

state closely linked with Communist countries in the diplomatic, economic, commercial, political and military fields. This development is advantageous to the Soviet Union inasmuch as it provides it with a foothold in the Western Hemisphere, a valuable training ground for dealing with Latin Americans, and strategically situated propaganda and missionary centre, and a possible supply base for guerrilla movements. The example of Cuba, by giving some plausibility to the argument that Communism is the most effective system for rapidly bringing about economic and social progress in under-developed areas, may encourage alliances between Communist parties and nationalist radical movements stirring in many parts of Central and South America. Such alliances, while they may not result necessarily in the creation of Soviet satellites in the Western Hemisphere, could lead to the establishment of governments hostile to the United States and to the Western democracies.

On the other hand, the Marxist experiment in Cuba has already alerted Latin American governments against the danger of postponing overdue reforms in land distribution, agriculture, education, housing and sanitation. Moreover, it has given these governments leverage to bring to bear on the United States for securing increased financial and technical assistance. According to Latin American diplomats, the Cuban revolution is acquiring world dimensions not only as a result of the support it receives from one of the two main rival groups of states, but because it underscores in the eyes of a number of poorer nations the danger of allowing foreign investors to dominate their economic and political life, and the inadequacy of private enterprise to promote their social advancement. Similar considerations have induced the United States Government in recent weeks to adopt a more flexible, understanding and generous attitude towards the needs of its Latin American neighbours, and to accept the recommendations of various studies prepared at the request of the United States Senate on the advisability of supplementing private investments and bank loans with government contributions to public welfare projects. Whether Dr. Castro survives or is overthrown in the next few months, it is probable that governments on the Cuban model will emerge in Latin America if effective measures are not taken to remedy as quickly as possible the basic economic and social problems of these regions. The proposals, made by the Under Secretary of State, Mr. Dillon, at the recent Bogota meeting[27] (copy of which is attached)† would appear to recognize the desirability, or at least the inevitability of such reforms.

The danger of Soviet presence in Cuba is taken seriously in the United States. The island is barely ninety miles away from the Florida coast and falls within the area covered by the Monroe doctrine. The United States interpretation of the Monroe doctrine as a sort of paternal right and duty to protect Latin America against extra-continental powers is not recognized in international law and is not binding on Canada. Nevertheless, it forms an integral part of United States historical tradition, almost as sacrosanct as the Constitution itself. From the Canadian point of view, the Monroe doctrine as extended by the OAS resolution of Caracas in 1954 is an unacceptable unilateral decision on spheres of influence and types of government in the Western Hemisphere. Thus, the United States is willing to pay a higher political price for the removal of Dr. Castro than might be considered advisable in Canada.

There is also a fundamental difference in viewpoint on the Monroe doctrine between the United States and Latin America. As President Eisenhower stated recently, the United States regard the Organization of American States as an extension of the Monroe doctrine. On the other hand, the Latin Americans regard the Organization of American States as a substitute for the Monroe doctrine and as an instrument for restraining United States power. It is worth recalling that the Caracas resolution was not ratified by Mexico, Argentina, Guatemala and

[27] Voir/See "Text of Dillon Address on Inter-American Aid at Bogota Talks," *New York Times*, September 7, 1960, p. 4.

Costa Rica. Unless Dr. Castro committed acts of open aggression, as Trujillo did against President Betancourt of Venezuela, they would no doubt condemn overt United States intervention in Cuba.

For the time being, the United States Government appears to rely on the authoritarian nature of the régime and its growing economic difficulties to provoke an internal revolt reinforced by Cuban exiles. Dr. Castro, however, will be more difficult to topple down than his predecessor. The Rebel Army is devoted to him and the people's militias may prove a not ineffective guerrilla organization. He still enjoys the enthusiastic support of a majority of the peasants and urban workers who are less affected by austerity than the discontented middle class. Furthermore, the Soviet Union can afford to extend temporary economic help.

If Fidel Castro remains in power, overt United States intervention cannot be discounted. President Eisenhower declared a few days ago at a press conference that while the United States government did not consider the situation irretrievable, it was prepared to move under the Monroe doctrine if the OAS was unable to prevent Communist penetration in the hemisphere. "The United States Government," he said, "would have to look after its own interests when the chips are finally down."[28] Reviewing official statements in this regard, the *New York Times* commented on August 28 that "it was plain the United States would feel compelled to act against the establishment of a Communist base hard by its territory. The question of a big war would then hinge on whether the Soviet rocket threat has been bluff. Most observers question whether Moscow would bring on a world war for the sake of a Cuban bridgehead."[29]

Mr. Khrushchev may indeed have been bluffing when he promised to defend Cuba with rockets. Mr. Gromyko did not mention missiles a fortnight ago in a broadcast on the San José conference, but referred to "the Soviet Government's statement to the effect that it will resolutely support the heroic people of Cuba if they are the object of an attack."[30] This could mean that the Soviet Union would be ready to supply weapons and send volunteer brigades to the rescue or that its support would be only of a moral, political and economic character.

Quite apart from the risk of Soviet retaliation, even if it did not entail a nuclear war, overt intervention by the United States in Cuba could have disastrous political consequences. It would likely disrupt the OAS, alienate public opinion in the new nations of Asia and Africa and prove as damaging to Western prestige as the attack on the Suez by the British and French.

The policy of the United States towards Cuba as defined in the NATO Council and as explained in Montebello on July 13 could be summarized in the following terms:

> In order to preserve United States and Western interests in Cuba and to avoid a more drastic solution:
>
> (a) a united front against Cuba should be created both in the OAS and in the United Nations, in order to procure the overthrow of the present régime;
>
> (b) covert economic sanctions should be applied in order to prevent Castro's Marxist experiment from setting an example for other countries in Latin America;
>
> (c) a boycott should be continued of exports of arms and military material.

The phrase "to avoid a more drastic solution" implies that armed attack is contemplated as a last resort, a method of settlement with which Canada could not become associated unless there is a Soviet attack against the Western Hemisphere. The issue is sufficiently important

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[28] Voir/See *Public Papers of the Presidents: Dwight D. Eisenhower, 1960-61* (Washington: United States Government Printing Office, 1961), p. 268.

[29] "Hemisphere Crisis," *New York Times*, August 28, 1960, p. 1.

[30] Voir/See "Post-Mortem on San José," *New York Times*, September 1, 1960, p. 26.

that the Canadian Government cannot afford to acquiesce on the ground of North American solidarity in a United States policy of force which would not meet with the general approval of the Canadian people. It should therefore take no action likely to bring encouragement to those elements in the United States which advocate the overthrow of Dr. Castro by violence. At the same time, it should obviously provide neither material aid nor propaganda advantage to the Cuban Government and maintain the embargo on the export of arms to the Caribbean area. The conflict between Cuba and the United States, if it comes before the United Nations, will probably be discussed in the Security Council; it is not expected to come before the General Assembly, and in all likelihood the Canadian Delegation will not be called upon to take a stand on this matter at the forthcoming session.

As regards the United States hint of support for economic sanctions, there are no reasons, on political grounds, either for encouraging or discouraging Canadian trade with Cuba, which has never been of great importance and which has dropped in the past two years by more than a third. Imports from Cuba, mainly of sugar, fresh fruit, rayon and manganese ore, totalled in 1959 some 12 million dollars and exports to Cuba of newsprint, copper, malt and cod, a little over 15 million dollars. Commercial prudence will probably lead Canadian exporters to sell on a cash basis. For ordinary business reasons, the Export Credits Insurance Corporation is also being cautious about the amount of insurance provided [for] exports to Cuba. The two Canadian bank subsidiaries in Cuba are apparently finding it possible to conduct a profitable business with the Castro Government, and it would be contrary to Canadian traditional policy to interfere in their activities.

Furthermore, the first attempt at economic reprisals on the part of the United States has neither prevented Cuba from finding new markets nor reduced the appeal of the Cuban revolution in Latin America. On the contrary, it has strengthened Fidel Castro's position and provided his propagandists with an opportunity for charging the United States with abusing their power in trying to prevent Cuba from seeking aid and trade from Eastern Europe and Communist China. In any event, Canada's contribution to such a boycott, even if it were practicable, could not be a determining factor.

There is little hope that Canada could act as a mediator in the dispute, now that the San José conference has set up a good offices committee composed of Latin American nations. The Canadian Government should continue, however, to watch the situation closely and consult confidentially with certain of its NATO allies (the United Kingdom, France and Italy) and Latin American friends (Mexico and Brazil). If United States overt intervention appears likely, Canada might wish to be in a position to join with other powers in making strong representations with a view to preventing such a perilous development.

Although it would be difficult for the Canadian Government to approve without reservations the negative aspects of United States policies towards Latin America, it would be desirable to encourage any constructive features of these policies. It would seem to be an inescapable fact that United States policies, and the way those policies are regarded in Latin America, must affect very substantially the prospects for fairly orderly reforms in Latin America and for an improvement in the popular Latin American view of other western countries generally. Without larger contributions from the United States, the necessary reforms in most Latin American countries are not likely to be carried out rapidly or effectively, and without fuller United States understanding of the problems raised by the present discontent in Latin America those reforms are not likely to be carried through peacefully. Better cooperation between the United States and Latin America would seem to be essential if Latin American attitudes towards the western countries are to be much improved, since inevitably the bulk of the people in most of the Latin American countries will not distinguish very clearly between the United States and other countries of the West, of which it is regarded as the leader.

If, in the light of all our interests, we were now to decide to join the OAS immediately and to contribute substantial resources to Operation Pan America, we might be able to influence somewhat the speed of reform in Latin America and establish a position for Canada in the minds of at least the leaders in some Latin American countries. Even if such actions were to be taken by Canada, however, the progress of reform in Latin America at a really adequate rate would still be very largely dependent on United States resources. Moreover, the ability of those countries to carry out such reforms without encountering strong resistance from the United States groups which are affected in so many instances would still depend on the adoption of an understanding attitude by the United States authorities. Canadian resources and Canadian understanding could be neither a complete substitute nor a determining factor.

For the immediate future (whatever the Canadian Government's intentions may be with respect to the OAS and Operation Pan America) it would seem desirable to:

(a) continue to keep in close touch with Mexico, Brazil and perhaps other Latin American countries regarding the situation in Cuba and the state of Cuba's relations with the United States and other countries; and

(b) undertake informal discussions with the United States Government concerning the underlying conditions in Latin America which have found expression in the Cuban revolution and may be expected to influence developments in other Latin American countries.

Any informal conversations which might be undertaken with the United States (presumably, in the first instance at least, through the Embassy in Washington) might be related to the constructive analysis of the situation recently presented in Bogota. Special attention might be given to the problems confronting other countries, such as the United States and Canada, when reforms affect the trading and investment interests of their nationals. The following could be included among the questions to be discussed:

> What kinds of treatment of private interests should be regarded as unnecessary and objectionable? Which kinds of actions against the interests of our nationals should be accepted as inevitable if necessary reforms are to be made and if the Soviet position is not to be strengthened?
>
> Without appearing to invite expropriation of our investments in Latin America, what can be said to the Latin Americans to make it clear that we are not against social and economic changes which responsible leaders consider essential to the stability and advancement of their countries?
>
> In view of the continued interest of most Latin American countries in acquiring foreign capital and skills, what is the likelihood of increasing understanding in Latin America of the need to provide prompt, just and adequate compensation in the event of expropriation?

Perhaps there might also be some discussion with United States authorities on the need to improve the understanding which foreign investors may have of what can reasonably be expected of them in their operations in Latin America, and of what they should regard as adequate compensation if their properties are expropriated.

There have, of course, been innumerable discussions of these matters in the United Nations and elsewhere. There have also been many suggestions for "Codes of International Investments" and for broad "Treaties of Commerce, Friendship and Navigation." These initiatives have produced very little. A serious, informal discussion between the United States and Canada might be more fruitful. As a friend of the United States and of the Latin American countries, Canada is well placed to undertake such a discussion. As a country with its own problems over foreign investments within its territory, Canada might also be expected to have some understanding of the preoccupations of the Latin Americans. Even if such informal talks

with the U.S. authorities produced no concrete results they might, nevertheless, have some effect on United States attitudes.[31]

N.A. R[OBERTSON]

615. DEA/4568-40

Projet d'une lettre du sous-secrétaire d'État aux Affaires extérieures pour l'ambassadeur aux États-Unis

Draft Letter from Under-Secretary of State for External Affairs to Ambassador in United States

SECRET Ottawa, September 14, 1960

Reference: Your telegram No. 2263 of Sept. 8/60.†

CUBAN-U.S. RELATIONS

We remain seriously concerned about Cuban-U.S. relations. The United States is presented with what it must regard as two almost equally unpalatable alternatives: the firm establishment of a Communist style government, or unilateral intervention by the United States.

2. In the face of this unhappy dilemma, the U.S. seems to be following a "wait for Castro to fall" policy, in the hope that the Castro Government will be overthrown by an internal revolution, organized by Cuban exile groups with covert U.S. support, and made possible by Castro's alienation of the Cuban middle-classes and the Church, and by the growing popular discontent resulting from the economic difficulties caused by government mismanagement and the suppression of the sugar a quota on the U.S. market. The United States, for its part, will adopt a new aid programme which will attack the roots of social discontent in Latin America and help prevent the emergence of other Castros in the area.

3. This policy, however, is based on the premise that Castro can be removed by an internal revolution, which we find doubtful. Castro's army, together with the new militia, is a much more powerful instrument than was the demoralized army at Batista's command. Castro still retains considerable popular support, and given Sino-Soviet assistance, we doubt that the economic difficulties will hit the peasants and workers hard enough to assure their co-operation with a new revolutionary movement.

4. For Canada, the political costs, and the risks of U.S. armed intervention would greatly outweigh the obvious advantages of Castro's removal. If, at any stage, it appeared probable, or even possible, that the United States planned an armed attack, we would have to give immediate examination to the policy we could adopt.

5. We would be grateful if you would make discreet enquiries, at the policy-making level, and give us your assessment of probable U.S. policy in the event that the Castro Government can not be brought down by internal revolution, and continues to become increasingly Communist. Are we correct in assuming that no change in the "wait for Castro to fall" policy is likely before a new administration takes office?[32]

[N.A. ROBERTSON]

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[31] Note marginale :/Marginal note:
Approved but not signed. [Auteur inconnu/Author unknown]

[32] Note marginale :/Marginal note:
Not sent [Auteur inconnu/Author unknown]

616. DEA/4568-40

Note de la Direction juridique
pour la Direction de l'Amérique latine

Memorandum from Legal Division
to Latin American Division

CONFIDENTIAL [Ottawa], September 15, 1960

Reference: Your Memorandum for the Minister of September 6, 1960.

CANADIAN GOVERNMENT POLICY TOWARDS CANADIAN BANKS
IN CUBA AND THE DOMINION REPUBLIC

We agree with the conclusions in your memorandum under reference that in principle the Canadian Government should not interfere in the activities of Canadian banks outside Canada, any more than it would allow governments to interfere in the activities of foreign owned companies in Canada, and in particular that the Canadian Government should refrain from influencing for political reasons in any overt or covert way the policies of these banks in Cuba and the Dominion Republic.

2. We should point out, however, that should the situation envisaged in paragraph 3 of your memorandum under reference actually arise, viz. a change of régime or of policy of the present regimes of these countries, and one or other bank suffers from a "denial of justice" in the international legal sense, it would be difficult to refuse assistance to them on the grounds that they have encountered "difficulties resulting from political risks which they had deliberately undertaken:" in the absence of any real impropriety on the part of the banks it would seem that they are entitled to expect the protection of the Canadian Government. Since Canada recognizes the governments of the two countries in question as legitimate the banks also are entitled to do so; should the banks get into difficulty as a result it could hardly be contended that they had thereby disqualified themselves from the protection of the Canadian Government. Moreover, while recognizing the validity of the political considerations outlined in your memorandum, we know of no legal grounds for drawing a distinction between protection of "venture capital" and other national interests, as suggested in paragraph 5 of your memorandum under reference.

3. Since at this stage there is no suggestion that either the United States or the banks in question should be informed of the proposed distinction, the question may be academic, but in the light of the rapidity with which events have been moving in Latin America we think it should be borne in mind that the Canadian Government might find itself in the position of being unable to properly refuse assistance to these banks should they suffer a "denial of justice" as a result of their activities in these two countries.

GILLES SICOTTE

617. DEA/2444-40

L'ambassadeur aux États-Unis
au ministre du Commerce

Ambassador in United States
to Minister of Trade and Commerce

TELEGRAM 2433 Washington, September 27, 1960
CONFIDENTIAL. PRIORITY.
Repeat External (Priority) (Information).

USA EXPORT CONTROL ON SHIPMENTS TO CUBA

Schaeffer, Deputy Director of the Office of Export Control, USA Department of Commerce asked us to meet with him today on the subject of USA export licensing for Cuba. He informed us that in the current export bulletin of the USA Department of Commerce No. 838 September 16, 1960, notice had been given that individual export licenses will now be required for the shipment of trucks, jeeps, and functional automotive parts, which can be used in trucks and jeeps, destined for Cuba and the Dominican Republic. Copies of this bulletin have been sent to Trade and Commerce. Previously such products could be exported to Cuba and the Dominican Republic under one of two general licenses. Nonpositive list commodities other than those mentioned above may continue to be shipped under general license.

2. Schaeffer said that this change in licensing procedures may raise some difficulties in relation to Canada. He pointed out that it was his understanding that Canadian export permit regulations required a Canadian export permit for any export from Canada of USA origin goods and that Canada would ensure that its licensing such products would be in line with USA through consultation on individual shipments. In practice, however, through the continuing liaison between export licensing agencies in the two countries, the original requirement that Canada would check with USA export control authorities before permitting the export of USA origin goods, had been reduced substantially in coverage of products and geographical destinations.

3. The current difficulty foreseen by Schaeffer related principally to possible stocks in Canada of "functional parts for all automotive vehicles, except functional parts fabricated exclusively for passenger cars, busses, and trailers" of USA origin. Such stocks might be used to supply Cuba and the Dominican Republic. A similar problem would obviously arise in trucks and jeeps. Schaeffer asked us to report to you informally his concern about this possible bypassing of these new USA regulations. He asked if it would be possible to apply to these new products the original system where by before permits are issued by the Canadian authorities for positive list goods of USA origin going to certain destinations, enquiries are made regarding USA practice in licensing such shipments. He said he realized that such a procedure would possibly increase the burden on the Canadian export permit authorities but unless some such arrangement were made, USA authorities would be under considerable criticism if shipments of USA origin functional automotive parts were made from Canada to Cuba, or the Dominican Republic. He indicated that, at present, a virtual embargo exists on USA shipments of trucks, jeeps and parts to Cuba, although "normal" shipments are being allowed to the Dominican Republic. USA had evidence that there had been a buildup of supplies of these products in Cuba far beyond normal needs.

4. Your comments on this proposal for transmittal to Department of Commerce officials would be appreciated. Schaeffer emphasized that the present B-13 procedure would continue

to be applied on any intransit shipments through USA of functional automotive parts of Canadian origin destined for Cuba.

618. DEA/2444-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2434 Washington, September 27, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: Our Tel 1765 Jul 8.†

Repeat T&C Ottawa (OpImmediate) from Ottawa (Information).

USA EXPORT CONTROL ON SHIPMENTS TO CUBA

You will see from our telegram 2433 September 27 addressed to T&C that we had a discussion with Schaeffer Deputy Director of the Office of Export Control, USA Department of Commerce, concerning the addition of three groups of products to USA export control list for Cuba.

2. At the end of our conversation on the particular items raised Schaeffer said that he wanted to take this opportunity to warn us that further and more extensive export controls on Cuba might well be imposed by USA in the near future. He said his office was working on a variety of plans ranging from an extension of export controls on a few further commodities, (oil refinery equipment was one example) to the application of a complete embargo on trade with Cuba. He said that some of these plans also included action to be taken under the Foreign Assets Control regulations administered by the Treasury. No repeat no policy decision had yet been taken by the Administration but Schaeffer left little doubt in our minds that personally he felt some further controls were inevitable. In making these comments, Schaeffer indicated that under some of the alternatives envisaged some amendment to the general licensing of intransit shipments through USA might be necessary. He did not repeat not give us any details of such possible amendments.

3. Schaeffer also said that he presumed that the State Department would be informing us about any decisions which USA might take regarding any future tightening of trade controls with Cuba. We propose to make informal enquiries in the State Department as to USA intentions in this regard. You will appreciate that in addition to their general effects in the East-West context, any far-reaching USA measures could have important implications for Canada. Before pursuing this with the State Department it would be useful to have your preliminary guidance and any comments you may wish us to express.

[A.D.P.] HEENEY

619. DEA/4568-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL Ottawa, September 30, 1960

UNITED STATES EXPORT CONTROL ON SHIPMENTS TO CUBA

Following our conversation this afternoon, I instructed Mr. Heeney to make an immediate approach to the State Department to register our concern that the proposed change in licensing regulations in the United States for export controls to Cuba could have an unfortunate and detrimental affect on Canadian trade and could give rise to very embarrassing problems of a political nature. As you know, the approaches which have been made to date to our Embassy in Washington on this question have been through the Department of Commerce.

I also understand that the Continental Can Company of the United States has asked its Canadian affiliate to try and stop the Canadian steel producers from shipping tinplate to Cuba under the threat of cancelling their own contracts with the steel companies. I understand that the Department of Trade and Commerce are considering calling in representatives of Continental Can to bring to their attention the earlier difficulties that had arisen in connection with the attempted implementation in Canada of the Foreign Assets Control Regulations and counselling the company to be very careful in the present circumstances.

N.A. ROBERTSON

P.S. Mr. Heeney has reported that senior economic officers of the Dept. of State advise the Embassy that, to their knowledge, no new decisions have been taken by the U.S. re extending export controls on shipments to Cuba. He has arranged to see Mr. T. Mann — in charge of Latin American questions on Monday morning. R.

620. DEA/2444-40

Le ministre du Commerce à l'ambassade aux États-Unis
Minister of Trade and Commerce to Embassy in United States

TELEGRAM TC-1216 Ottawa, September 30, 1960

CONFIDENTIAL. PRIORITY.

Reference: Your Tel 2433 Sep 27.

Repeat External (Information).

USA EXPORT CONTROL ON SHIPMENTS TO CUBA

Exports of USA origin goods from Canada to Cuba require individual export permits in accordance with provisions of Group 9 of Export Control List. Only exceptions are goods for which provision is made under general export permits Nos EX-1, EX-2, EX-3, EX-5.

2. Exports of trucks, jeeps, and functional automotive parts of USA origin require individual export permits.

3. Our general procedure in relation to applications for export permits for goods of USA origin is to consult with USA control authorities in cases where we are in any doubt

concerning USA licensing practice. Mr. Schaeffer may be assured that we will consult with USA authorities before issuing permits for exports of USA origin trucks, jeeps and part to Cuba or Dominican Republic.

4. We hope USA will not repeat not change existing general license provisions for intransit shipments from Canada, but it an amendment to the control provisions for shipments originating in Canada is proposed we should appreciate the opportunity to examine it and indicate our views.

621. DEA/10224-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2506 Washington, October 4, 1960

CONFIDENTIAL. CANADIAN EYES ONLY. PRIORITY.

Reference: Our Tel 2476 Sep 30.†

USA-CUBA — ECONOMIC MEASURES

On October 2, we called on Lester Mallory, Deputy Assistant Secretary for Inter-American Affairs, who was accompanied by Vallon (Deputy Director Caribbean Affairs) with the object of eliciting what info could be made available to us about USA intentions with respect to export controls. In so doing we referred to the earlier discussions held last week with the Department of Commerce (our telegrams 2433 and 2434 September 27) in which we were informed that study was being given within the Administration to an extension of export controls affecting Cuba, and to recent press reports which have been brought to your attention (our telegram 2476 September 30).†

2. At the outset, we drew attention to the concern with which the Canadian authorities would view the intensification of such economic measures, and questioned whether such action might not repeat not in fact strengthen rather than weaken Castro's position. In this same context, we also drew attention to the possibility of frictions arising between Canada and USA from the admin procedures by means of which USA authorities might propose to carry out the policy which was now under exam.

3. Mallory confirmed our understanding that active consideration was being given to the application of new restrictions but added that final decisions had not repeat not yet been taken. There were two principal kinds of pressure for the adoption of stern measures against Cuba: the first stemmed from domestic political considerations. The second arose from anxiety at Castro's increasing dependence on the Soviets and on international communism, and the widespread impact of the Cuban revolution on the Caribbean and elsewhere in Latin America. The view was that firmer action was already overdue and that USA had already delayed too long in putting greater pressure on Castro. Mallory went on to express the opinion that, unless firm measures were taken against Cuba, the position could swiftly deteriorate in such places as Jamaica and Trinidad. Further, it was not repeat not only the dictatorships in Latin America whose leaders did not repeat not wish to see Castro-like movements develop in their own countries, but the leaders of democratic states like Colombia were also deeply concerned at the domestic implications of the Cuban revolution. Mallory indicated that there was an understanding between the President and Prime Minister Macmillan of these serious implications for the Caribbean area, although he felt that this had not repeat not yet been

reflected in a serious facing-up to the issues on the part of the UK officials specifically concerned.

4. While Mallory was not repeat not precise in estimating [what] the effects of the proposed USA measures would be within Cuba, beyond saying that they would mean "belt-tightening," he said that in view of the action already taken against USA interests in Cuba, the position could hardly be worsened as a result. Castro's apparatus of control over the country was now very complete. It was difficult to speak realistically of opposition to his régime, but there was clearly a good deal of disenchantment. Above all, Castro's grip on the army and the police made it extremely difficult for domestic opposition to express itself. There were also marked signs that Soviet influence on Castro and his government was increasing. The need for the imposition of further economic restraints by USA should be seen in this broad context.

5. We asked whether any measures other than economic were envisaged as part of the policy review now being undertaken. Mallory replied that little else could be done and made it clear that he saw no repeat no advantage to be gained from any break in formal diplomatic relations. We asked also about the possible effects of economic measures on the retention of USA naval base at Guantanamo. Mallory replied that while this question had been raised in Cuba and would no repeat no doubt be raised again, USA position was that the base was authorized by international agreement, and that the arrangements could only be modified by mutual consent. He did not repeat not think that the intensification of economic measures would in itself further jeopardize the position of the base, and thought that any possible action on the part of Castro to take over the base by force would have to be based on consultation with the USSR.

6. Turning again to the economic aspects, Mallory said that no repeat no decision had yet been reached as to the particular measures to be taken but he left us in no repeat no doubt that more extensive economic sanctions were under study and that these would be specifically directed against Cuba. He drew a distinction between these measures and the military export controls (recently extended to such items as aircraft, trucks and cars) which apply equally to Cuba and the Dominican Republic. The legal and procedural implications of the various alternatives available were still under study by the legal officers of the Department and Mallory thought it would take some time for all the preparations to be completed. He indicated that a wide range of alternatives was under consideration, i.e. export controls, cancellation of trade agreements, freezing of funds and FAC measures as well as possible further sugar cuts when Congress reconvenes.

7. With respect to export controls, Mallory indicated that the current study would not repeat not be limited to the three or four items mentioned in recent press reports (our telegram 2476 September 30)† but would cover a more extensive range. He was fully aware that to ensure implementation of USA export controls, USA authorities would have to rely on Canadian cooperation to prevent the channelling of USA origin goods to Cuba through Canada, and that this would require careful prior consultation with Canadian authorities. He also mentioned the possible problem of USA origin goods being shipped to Canada and then reshipped from Canada to Cuba in transit through USA. He indicated the Cubans were setting up "dummy corporations" for this kind of traffic designed to circumvent USA controls and suggested that Canadian authorities might be asked to cooperate in preventing this. He made it clear, however, that, while there might be future consideration of steps in this direction, there was no repeat no thought at this stage of asking Canada or other countries to take export control measures against Cuba on non-USA goods or of modifying the in-transit facilities USA for shipment of Canadian origin goods.

8. With respect to the possible curtailment of trade relations, the USA officials present recognized that this raised certain procedural problems (e.g. notification through GATT) which could delay action. They did not repeat not, however, completely rule out the possibility

that the President might declare Cuba to be under "communist domination" in the sense of Sec 5 of the Trade Agreements Act, thus suspending all trade agreement concessions. (As a matter of interest, we note that the Florida fruit and vegetable growers association, who are interested in protection against Cuban imports, is reported in the press as seeking this type of action.)

9. We made it clear to Mallory that extensive USA economic measures against Cuba, such as export controls or FAC restrictions, would obviously have important indirect implications for Canada and could give rise to frictions and a variety of problems in Canadian-USA relations. We referred to the problems that had already arisen with respect to trade with China which, though small in themselves, had aroused widespread public comment and criticism in Canada. We stressed the importance of advance consultations so that Canadian authorities would be enabled to express their views as to measures proposed which might affect Canadian-USA relations.

10. Mallory recognized the Canadian concern in this matter, and undertook to give us as much advance notice as possible in the circumstances.

[A.D.P.] HEENEY

622. DEA/4723-D-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2562 Washington, October 11, 1960

SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.

Reference: Telecons with Under-Secretary Oct 11.

Repeat Candel New York (for Minister) (OpImmediate), T&C Ottawa, Finance Ottawa, PCO Ottawa (OpImmediate) from Ottawa (Information).

USA EXPORT CONTROLS ON CUBA

As I have already reported by phone, we were called to the State Department today (Burdett, Director, British and North European Affairs) to receive advance info about USA decisions regarding export controls to Cuba. Schaeffer (Export Controls, Department of Commerce) and other USA officials were also present.

2. We were informed that USA authorities have decided to impose a virtual embargo on exports to Cuba. The only products to be exempted will be non-subsidized foodstuffs, medicines and medical supplies, USA expects to announce this decision at the end of the week, likely on Friday noon, October 14, although this date is not repeat not yet firm.[33] The effective date of the controls will be twelve hours later.

3. We were also told that foreign assets control measures will not repeat not be applied at this time and that USA regulations regarding in-transit shipments of Canadian goods through USA will not repeat not be affected.

4. Burdett asked for Canadian cooperation in principle to prevent trans-shipment of USA origin goods through Canada to Cuba on the same basis as controls over USA origin goods in

[33] L'annonce a été faite le 19 octobre.
The announcement was made on October 19.

Canada are maintained on exports to mainland China. Burdett suggested that administrative details about Canadian cooperation could be worked out between export control authorities in the two countries.

5. We are sending further details by teletype later today.

[A.D.P.] HEENEY

623. DEA/11044-AK-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2563 Washington, October 11, 1960

SECRET. OPIMMEDIATE.

Reference: Our Tel 2562 Oct 11.

Repeat Candel New York (for the Minister) (OpImmediate), T&C Ottawa, Finance Ottawa, PCO Ottawa (OpImmediate) from Ottawa (Information).

USA EXPORT CONTROLS ON CUBA

In our reference telegram, we advised you of USA decision to invoke a virtual embargo (except for foodstuffs and medicines) on exports to Cuba effective the end of this week. During our meeting at State, USA officials said they had no repeat no plans at present to apply foreign assets control regulations to Cuba nor to revoke trade agreement concessions. (You will recall that such action was forecast in my recent conversation with Dillon.)

2. Poole (Office of Caribbean Affairs) said that the imposition of these export controls was a unilateral decision of USA to "economically harass" Cuba in the hope that the present Cuban Government would fall. USA expected that their export embargo would be very effective in damaging the Cuban economy. Since practically all Cuban industry is equipped with machinery of USA origin, the denial of replacement parts would be serious for Cuba, especially in the sugar and oil refinery fields. Poole also said that Cuba had no repeat no capacity for the production of lubricating oils. Through informal pressure by State Department on USA oil companies USA had for some time prevented Cuba from purchasing supplies of lubricating oils but recently one shipment of this material had been made by one USA company. This breakdown of this informal embargo had been one of the reasons for imposing export controls at this time.

3. Schaeffer (Office of Export Control, USA Department of Commerce) told us that this action is being taken under the Export Control Act which provides broad authority for action by the Secretary of Commerce. He said that a 30-day grace period will be allowed for shipments now in transit. No repeat no individual validated export licenses now outstanding will be cancelled, but bulk and time limit licenses will be revoked. The public announcement regarding the imposition of these controls on exports to Cuba will indicate that individual licenses will be required for all shipments to Cuba. It will make clear that applications for such licenses will be denied.

4. No repeat no foodstuffs held in USA Government stocks (commodity credit corporation) will be permitted export to Cuba with the possible exception of wheat and wheat flour. The terms of the International Wheat Agreement may obligate USA to license some exports of these two commodities to Cuba.

5. Burdett (State) explained that prior notification of USA action would be given to COCOM countries and to NATO and OAS countries. USA officials were not repeat not planning to inform GATT of their decision. Burdett also said that USA was not repeat not considering at the present time requests to any other countries to take similar action regarding exports to Cuba. He stated that foreign assets control was decided against primarily because the application of these regulations to Cuba would have required a presidential proclamation of national emergency.

[A.D.P.] HEENEY

624. DEA/11044-AK-40

L'ambassadeur à Cuba
au secrétaire d'État aux Affaires extérieures

Ambassador in Cuba
to Secretary of State for External Affairs

TELEGRAM 112 Havana, October 13, 1960

SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.

Reference: My Tel 111 Oct 13.†

USA EXPORT CONTROL

I am drafting despatch expressing concern over position gradually emerging in which Canada begins to appear as "the fair haired boy" in high favour with Cuban Government. A recent and current interest shown by Cuba in trade with Canada (see my letter L-708 October 6)† as well as fact that Canadian banks are still operating and doing business with government are contributing factors as is departure of all USA embassy wives and families and many other USA families while many Canadian wives and families are still here.

2. If USA does impose strict controls and asks Canada to follow suit this problem will come to a head and a crucial decision will have to be made in Ottawa. If we go along with USA we will be in good standing with them and with any future Cuban Government that may eventually overthrow present régime but we will also become joint target with USA for attack by present government which might result in immediate problems. On the other hand if we refuse we shall continue in high favour with Castro Government but may damage relations with USA as well as with potential future Cuban Government. We may also get reputation and this already is a danger of being interested only in doing business and making profit.

3. A nice dilemma. Please give me whatever guidance and advance information you can by telegram.

4. Only solution we can see and it may be far fetched is that if USA could be persuaded to defer widespread controls and meanwhile to control only such key items as catalytic powder etc. it might be possible to avoid a showdown until time brings its own solution and Castro economy collapses its own weak and unsoundness which seems inevitable unless Sino-Soviet bloc gives massive support.

625. DEA/288-40

L'ambassadeur à Cuba
au secrétaire d'État aux Affaires extérieures

Ambassador in Cuba
to Secretary of State for External Affairs

TELEGRAM 113 Havana, October 14, 1960
SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.

MASS NATIONALIZATION

Government today nationalized nearly 400 large industrial and commercial companies in Cuba including all remaining sugar mills and all banks except two Canadian banks Royal and Nova Scotia.

2. Please look at this along with our telegram 112 October 13. (Group Corrupt) from page today with long list of firms and banks and with special note that two Canadian banks are not repeat not included is to make preference to Canada stand out with sharp emphasis.

3. We think Canadian banks placed in difficult position because profitable operation probably impossible under present conditions and by serving interests of present régime they probably prejudice their position under any future government.

626. DEA/288-40

L'ambassadeur à Cuba
au secrétaire d'État aux Affaires extérieures

Ambassador in Cuba
to Secretary of State for External Affairs

TELEGRAM 115 Havana, October 17, 1960
SECRET. CANADIAN EYES ONLY. EMERGENCY.

CANADIAN-CUBAN RELATIONS

A report from *Prensa Latina* carried by radio and press here during weekend states "from well informed sources" that Canadian Government has told Washington that Canada will not repeat not participate in economic bloc against Cuba has no repeat no quarrel with Cuba and desires to maintain good relations with Cuba.

2. From paragraph 2 of your ET-1376 October 14† we assume this more or less correctly describes Canadian attitude. We also assume however that if Canadian Government had actually made above mentioned statement to Washington you could have told us. Since we have had no repeat no telegram from you we take it that *Prensa Latina* story is speculative. Please advise urgently.

3. Developments of last three days especially specific exception of Canadian banks from mass nationalization and Castro's [impolitic?] statement in his big TV speech Saturday that banks are spared because they are rendering great service to revolutionary government[34] have resulted in many (Group Corrupt) from Americans and others including phone calls to members of our staff. In minds of many people here including Americans and other anti-

[34] Voir/See "Castro Claims Canadian Banks Assisting Cuba," *Globe and Mail*, October 17, 1960, p. 1.

communists we are now lining up on side of Castro against USA and to many people this implies we are on side of Castro-Soviet combination since these two are regarded as firmly linked together.

4. I take it that Canada's policy is aimed at neutrality in Castro-USA dispute. To observers of other countries here however and of course to both Cuba and USA residents there is no repeat no middle ground.

5. I think we are morally right in declining to join in USA economic control. But I urge greatest care be used in drafting any official or public statement bearing in mind here in Havana our position is delicate.

6. Please give Top repeat Top Priority to keeping this post advised of government's thinking. If any public statements are made let us have text immediately by telegram.

627. DEA/4723-D-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM G-153 Ottawa, October 17, 1960
SECRET. OPIMMEDIATE.

CONTROLS ON EXPORTS TO CUBA

In order to take advantage of any reconsideration which the USA authorities may yet give to the matter, I should be grateful if you would speak at a senior level in the State Department along the following lines:

(a) Indicate that the Canadian Government's reaction to questions which have been raised cannot repeat not be given in specific terms for several days in view of complexity of issues involved.

(b) Meanwhile, Canadian Government would wish USA Government to be aware of its anxieties about consequences of course which USA is contemplating.

(c) While naturally it is for USA to judge probable impact of any action which it is proposing, other friendly countries are bound to be concerned at any development which seems likely to weaken political position of USA, as a leading power with which they are closely associated. Canada and other friends of USA have been heartened by constructive role which USA has been playing in encouraging necessary reforms and promoting economic and social progress in Latin America, as reflected particularly in USA participation in recent Bogota meetings. It would be a matter for regret if, however great the provocations, USA were to embark on a course in relation to Cuba which did not repeat not command the sympathetic support of democratic elements in important parts of Latin America.

(d) Apart from any legitimate interest which Canada has in standing of USA among countries of world and particularly of this hemisphere, Canadian Government is deeply concerned at repercussions which extensive action of kind envisaged by USA must almost inevitably have on economic and other relations between USA and Canada as well as on Canada's commercial relations with Cuba. Although in past Canadian authorities have been prepared to cooperate in controlling re-export of certain goods of USA origin to specified destinations, it cannot repeat not be assumed that it will be found politically practicable to continue these long-standing practices in case of trade with Cuba where such difficult political issues and such a large range of commodities are involved.

[H.C.] GREEN

628. DEA/4723-D-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2627 Washington, October 18, 1960

SECRET. OPIMMEDIATE.

Reference: Your Tel G-153 Oct 17.

Repeat Candel New York (for the Minister), T&C Ottawa, Finance Ottawa (OpImmediate) from Ottawa (Information).

CONTROLS ON EXPORTS TO CUBA

This morning I called on the Under-Secretary of State, Douglas Dillon. Mann, Assistant Secretary for Inter-American Affairs, and Burdett, Director of BNA, were with him. Schwarzmann accompanied me. Our meeting lasted about forty minutes.

2. To begin with, Dillon confirmed my impression which I had passed on to Robertson by phone last evening that there was now no repeat no question of "any reconsideration" (your reference telegram) of USA decision to impose a virtual embargo. The only remaining feature was one of timing and that had not been determined. Dillon told me that USA action would be announced at noon tomorrow (October 19) and that the embargo as set out in our previous messages would become effective at 12:01 October 20.

3. I pointed out to Dillon that USA authorities, in giving us notice of their intention to embargo exports to Cuba, had requested Canadian administrative cooperation along the normal lines between our respective export control authorities in respect of goods of USA origin. It would not repeat not, I said, be possible for the Canadian Government to make a decision immediately upon that request not repeat not only because of the large range of commodities involved but also because of the policy implications.

4. The Under Secretary would recall, I went on, that the Canadian Government had on previous occasions expressed serious reservations as to the effectiveness of economic sanctions in achieving USA objectives. It was certainly arguable that the results might, on the contrary, be to strengthen Castro's position and to compel him even further into the arms of the Soviets. In that connection, I referred to the reaction of Canadian ministers at Montebello in July when the Secretary of the Treasury had outlined proposed USA economic measures and to conversations which I had had with Dillon himself over the past few weeks.

5. The Canadian Government, I continued, would regret any development which would weaken the prestige and standing of USA in the hemisphere. It would be serious, in our

judgment, if, as a result of the action now contemplated, the position of influence which USA had developed since Bogota should be lost or weakened.

6. I then went on to describe the particular difficulties involved for Canada-USA relations in the application of such drastic interference with trade between USA and Cuba. For Canada to cooperate administratively for the prevention of shipment of goods of USA origin would require public notification. This in turn would almost certainly cause difficulty in Canada and focus further attention on relations between USA-owned Canadian subsidiaries and their parent concerns in this country. This latter aspect of the problem had already given trouble (here I instanced the Continental Can case).[35] We certainly had no repeat no desire to profit from the extremely difficult position of USA as a result of Castro's actions against USA interests. At the same time, the Government were not repeat not in a position to weigh all the factors for and against the necessary amendment of our export control arrangements for the reasons which I had given.

7. Finally, I said in summary, the Canadian Government wished USA Government to be fully apprised of our anxieties over the proposed USA action and of the serious difficulties which would be involved for Canada as a result, before final action were taken by USA. Had USA authorities made any estimate of the importance to the effectiveness of their embargo of Canadian administrative cooperation? And were other governments involved in the problem of possible trans-shipment of goods of USA origin?

8. The Under Secretary, in response, said he fully recognized that it might take time for the Canadian Government to reach a decision as to administrative action on USA export controls. The export control measures which USA were taking, he went on, should not repeat not be confused with measures under the Trading with The Enemy Act (such as foreign assets control) which would have much more far reaching consequences. They would apply solely to USA goods and there was nothing in law to prevent USA subsidiaries in Canada from trading directly with Cuba. Dillon went on to explain, however, the depth of feeling which Cuban actions had aroused throughout the whole country and particularly in USA business community. The Continental Can case, to which I had referred (and which he personally deplored) was reflective of this strong feeling. Indeed USA Government was far behind USA business opinion in taking the intended trade measures against Cuba.

9. Referring to Latin American reaction (concerning which I had enquired), the Under Secretary said that left wing elements would certainly not repeat not like USA action and some of their governments would be under considerable left wing pressure. However, it was USA estimate that most Latin American governments would either be favourable (particularly in Central America) or would take the position that this was a USA decision in the exercise of USA sovereign rights.

10. Dillon said that, in USA announcement to be made tomorrow, care was being taken to present the export control measures as protective action in response to aggression by Cuba in the trade field. The announcement would not repeat not refer to communism and would play down seizure of USA property without compensation. Instead emphasis would be placed on the commercial features of Cuban action and on the backlog of some $150 million in commercial debts which Cuba had blocked through discriminatory exchange controls aimed at USA. Reference would also be made to the exclusion of medicines and foodstuffs and it would be indicated that the controls were being reluctantly imposed as a matter of "sovereignty to defend the legitimate economic interests of USA." It was felt that, if USA decision were presented in these terms, it would meet with greater public acceptance and understanding in Latin America where the concept of "sovereign rights" was almost an article of faith.

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[35] Voir/See document 633.

11. Mann said that the main object was to deny Cuba a number of crucial items such as spare parts for refinery equipment (produced in USA). The embargo was not expected to be completely effective, since alternative supplies would in time be forthcoming from the Sino Soviet bloc. USA was proposing to get in touch with other NATO countries expressing the hope that "they would not repeat not rush in to fill the vacuum." USA concern, Mann continued, was much broader than merely the specific problem of one nation. Cuba had become a focal point for Soviet penetration in Latin America (both arms and propaganda), and other countries, such as Venezuela, were in danger of being affected. The major objective of USA policy was to exert leadership in hemispheric relations so as to prevent the communist revolutionary ferment from spreading with all the consequences this would have in the UN and in world affairs generally. USA export embargo against Cuba was part of a whole programme designed to build-up momentum towards multilateral action in the hemisphere. USA had made great progress at the San José Conference and could have obtained a 2/3 vote against Cuba if this had been pressed. He regarded the success of the Bogota Conference as being "the fruit" of San José. In view of the strong emotional attachment in Latin America to the concept of "non intervention," USA had not repeat not wished to force the pace. They did have in mind moving towards some degree of multilateral action through the OAS.

12. Speaking in the same vein, the Under Secretary said that USA embargo should be seen as part of a programme designed "to bring the OAS along gradually towards joint measures," such as a multilateral embargo on imports of arms and propaganda. USA export control measures would, in his judgment, serve to weaken the Cuban régime through its effect on specialized spare parts. The Cuban problem had now become "the No. 1 foreign policy problem" of USA and the country as a whole felt far more deeply about it than about any other aspect of USA foreign relations including China or Russia.

13. At this point, I took this opportunity to make it clear that the Canadian Government was fully aware of the gravity of the Cuban situation and realized the great provocation to which USA had been subjected particularly over this past week. I felt sure that Canadians would be in full agreement as to the importance and value of USA leadership in hemispheric relations. The question, however, as I saw it, was whether the action now contemplated by USA was the best method of achieving the desired result. It might be true that Latin American Governments might privately welcome USA action. It was surely very doubtful that they would publicly voice their support.

14. Turning specifically to the question of Canadian cooperation to prevent trans-shipment of USA origin goods, Mann said that USA would not repeat not be too worried about trans-shipment except in a few special cases, such as spare parts for refinery equipment and catalytic powders. There had as yet been no repeat no assessment made with regard to the magnitude of the trans-shipment problem. Both he and the Under Secretary said that a delay in the imposition of Canadian trans-shipment controls would not repeat not be a serious embarrassment to USA until and unless there was large scale diversion of goods. It would, of course, be possible for USA to apply re-export controls on particular goods with respect to Canada as was the case with respect to USA exports to all other countries. They agreed. however, that this should, if possible, be avoided so as not repeat not to breach the present informal arrangements which had proved mutually satisfactory to both Canada and USA. The most practical course might be to delay decisions in the administrative area until USA authorities had taken a look at the problem and consulted us in more detail.

15. It was left, therefore, that USA would make a further examination of the trans-shipment question and would get in touch with us later.

[A.D.P.] HEENEY

629. H.B.R./Vol. 3

L'adjoint spécial au secrétaire d'État aux Affaires extérieures
au sous-secrétaire d'État aux Affaires extérieures

Special Assistant to Secretary of State for External Affairs
to Under-Secretary of State for External Affairs

SECRET [Ottawa], October 19, 1960

CUBA

The Prime Minister said after the Cabinet meeting on October 18 that the Canadian Press report from Winnipeg of his remarks on Cuba accurately represented the views he had expressed.[36] He drew particular attention to his reference to "*Canadian* goods." We could make use of the statement for official purposes. This was as far as he had intended to go, i.e. he had not said what the Government's policy was or would be on goods of U.S.A. origin.

The Prime Minister said that he did not exclude the possibility of some degree of cooperation with the United States authorities in response to their request for help in preventing evasion of U.S. economic measures against Cuba. (I do not think that this expression of the Prime Minister's view should be used at this stage since it was my impression that the Prime Minister had not yet had an opportunity to go into the subject in detail.)

The Prime Minister read and approved the instructions which had been sent to Mr. Heeney on October 14.† I also informed the Prime Minister of Mr. Heeney's conversation with Mr. Dillon (October 18). I reported what I understood from Mr. Ritchie was Mr. Heeney's impression that the United States authorities did not seem to have fully examined the problem of re-exports from Canada but that in any case they intended to proceed with the announcement of their export control measures on October 19. The Prime Minister made no further comment.

This morning, October 19, both before and after the Cabinet meeting, the Prime Minister was asked a number of questions about the position of Canadian subsidiary firms in relation to trade with Cuba. The Prime Minister declined all comment in reply to these questions.

H.B. R[OBINSON]

630. DEA/4723-D-40

Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs

CONFIDENTIAL Ottawa, October 19, 1960

UNITED STATES EMBARGO ON CUBA

The United States Government took action today to prohibit American exports to Cuba, except for non-subsidized foodstuffs, medicines and medical supplies. As you know, interdepartmental consultations have been in progress to consider the possible impact of any such United States action on Canada, and to work out recommendations on the attitude the

[36] Voir/See John Dafoe, "Declares Dief: Won't Embargo Goods to Cuba," *Winnipeg Free Press*, October 17, 1960, pp. 1-2.

Canadian Government should adopt on the various issues which may be raised by United States' action. Attached for your consideration is a proposed Memorandum to Cabinet. Copies of this Memorandum are also being submitted today to the Ministers of Trade and Commerce and Finance, and, in addition, it has been brought to the attention of the Prime Minister.

The recommendations of the Memorandum are, in brief, (a) that United States should be informed that Canada has no intention of adopting a similar policy regarding Canadian goods; (b) regarding re-export from Canada of goods of United States origin, we would co-operate with the United States in accordance with long-standing arrangements, to the extent that this is possible without making any change in our present export control practices; this means, in effect, that for a considerable range of goods, including most of any strategic significance, United States exporters would not be able to avoid their own government controls by transshipping the goods through Canada; and finally, (c) that the application to Cuba of foreign assets control involving interference with operations of Canadian subsidiaries of United States companies would be a source of friction and serious concern.[37]

N.A. R[OBERTSON]

[PIÈCE JOINTE/ENCLOSURE]

Note du secrétaire d'État aux Affaires extérieures, du ministre des Finances et du ministre du Commerce pour le Cabinet

Memorandum from Secretary of State for External Affairs, Minister of Finance and Minister of Trade and Commcerce to Cabinet

SECRET [Ottawa], October 19, 1960

The Canadian Ambassador in Washington has been informed by the United States Government that it has decided to take further economic measures against Cuba. A virtual embargo on U.S. exports to Cuba is expected to be imposed today, exempting only unsubsidized foodstuffs and medical supplies. Foreign Assets Control measures have been considered but are not imminent. U.S. officials have stated that shipments of Canadian goods in transit through the U.S. will not be interfered with and that, at the present time, the U.S. is not asking other countries to apply an embargo. The avowed purpose of the U.S. Government is, nevertheless, to put economic pressure upon Cuba in the hope of bringing down the Castro régime, and the possibility of further restrictions, involving serious and growing problems for Canada, must therefore be recognized. The State Department has asked Canada to ensure that U.S. controls are not frustrated by re-export to Cuba from Canada of goods of U.S. origin.

Canada's trade with Cuba, now somewhat reduced from pre-Castro levels, is at present continuing to follow its normal pattern. Canadian banks in Cuba, unlike the American banks, have not been seized. Canadian life insurance companies are still operating in Cuba. Canada's export trade with Cuba in 1958 totalled $17.5 millions but has since been in a decline, largely attributable to foreign exchange scarcity. An important part of this trade is represented by shipments from subsidiaries of U.S. parent companies. Already many of these subsidiary companies and even independent Canadian companies are refusing or are reluctant to do business with Cuba, indicating where their sympathies or commercial interests are seen to lie.

[37] Notes marginales :/Marginal notes:
This is to be held until further developments. H. G[reen] 2/11 [Ross Campbell]
Seen by the Minister & rejected. [Auteur inconnu/Author unknown]

Canadian trade and financial as well as political relations with Cuba might be seriously affected by U.S. actions. Cuban attention is presently turning to Canada as a source of goods denied by the U.S. and measures now decided on or contemplated by the U.S. will raise immediate difficulties for Canadian exporters, not only when exploiting opportunities arising out of denial of U.S. supply, but also in meeting normal Cuban market demands. In addition, U.S. companies are seeking to restrain Canadian companies, especially subsidiaries, from accepting Cuban orders. Independent companies have been persuaded by customers with United States affiliations to reject Cuban orders.

Since early in the second world war Canada and the United States have had an arrangement providing for the control of re-exports of U.S. goods from Canada. Under this arrangement, the United States has exempted all exports to Canada from U.S. export controls. Canada is the only country enjoying this exemption. Besides its usefulness in periods when materials were scarce, this arrangement has been of great value in freeing U.S. industrial components used in Canadian manufacture from U.S. end-use and ultimate destination controls. The long-standing arrangement provides for the Canadian Governments exercising sole jurisdiction over the end use and export of U.S.-origin goods and of Canadian manufactures incorporating U.S. components and materials. If the U.S. Government considered itself forced to end this long-standing arrangement and bring exports to Canada under licensing, destination or end-use controls similar to those exercised over exports to other countries, the Canadian industries affected could find themselves subject to United States export licensing policies. In the past, the implementation of such arrangements has been based on a large measure of agreement on the basic policies to be adopted towards particular countries.

A wide range of non-strategic goods is permitted export from the United States under general export licences and from Canada under general export permits. The United States will withdraw the use of these general licences for exports to Cuba, in effect grouping Cuba with Soviet bloc countries for which individual validated licences are required. In order to comply fully with the State Department's request that Canada prevent frustration of U.S. controls, Canada would be obliged to withdraw the use of the Canadian general export permit for the export of U.S.-origin goods to Cuba and to control re-exports of embargoed U.S.-origin goods to Cuba just as to the Soviet bloc and Communist China.

Under its own arms export policy, Canada already controls exports of arms and military equipment to Cuba as well as to all other countries except the United States.

Several distinct stages may be seen in the problems for Canada which United States measures contemplated will create. Up to now U.S. controls on exports to Cuba (affecting only certain automotive items) have not created serious strains. However, expanding the list of items requiring individual export licences to constitute an embargo on everything but foodstuffs and medical supplies will pose problems for Canada in respect to re-exports of a variety of U.S.-origin goods which do not now require individual Canadian export permits, and greatly increase the likelihood of pressures of various kinds on Canadian industry to withhold exports of Canadian goods to Cuba. A further and more serious stage, already mentioned as a future possibility by U.S. officials, would be the imposition of Foreign Assets Control from which would arise the same problems already experienced in Canadian trade with Communist China but on a far greater scale. Foreign Assets Control Regulations, made under the Trading with the Enemy Act, prohibit any transactions with designated foreign countries by persons subject to U.S. jurisdiction — and under U.S. interpretation this includes all United States subsidiaries in foreign countries including Canada. Another stage which cannot be ruled out is the possibility that the U.S. Government may ask the Canadian and other allied governments to extend corresponding controls over their own exports to Cuba, including classification of Cuba as a Soviet bloc destination by COCOM.

The Prime Minister has already stated publicly that Canada has no intention whatsoever of imposing any embargo on Canadian goods in Cuban trade.

The Canadian Ambassador has spoken to Mr. Dillon and there have been other discussions between the Embassy and the State Department. The Ambassador has made it very clear that in keeping with the position taken by Canadian Ministers at the recent Joint Defence Committee meeting at Montebello, the Canadian Government would be very concerned about the probable consequences of intensifying United States economic measures against Cuba. He questioned the political wisdom of such a policy, expressed Canadian scepticism as to its effectiveness, and indicated the likelihood of frictions arising between Canada and the U.S. as a result.

Recommendation

It is recommended that the Canadian Ambassador should be instructed to make formal representations to the United States Government indicating

(a) that the Canadian Government is deeply concerned at the possible consequences of intensifying United States restrictions on trade with Cuba; and that Canada has no intention of adopting a similar policy of restricting Canadian trade

(b) that Canada will not make any change in existing export control practices, thus Canada will continue to implement the long standing arrangement under which goods of U.S. origin, excepting only those goods which have lost their U.S. identity through processing or manufacture in Canada and goods which may be included in Canadian general export permits, will not be permitted re-export from Canada if such goods would be denied export licences for direct export from the U.S.

(c) that the application to Cuba of the Foreign Assets Control Regulations, involving interference with the operations of Canadian companies, if this should be contemplated, would be a source of friction and of serious concern to Canada.

[H.C. GREEN]
[D. FLEMING]
[GEORGE HEES]

631. H.B.R./Vol. 3

Note de l'adjoint spécial au secrétaire d'État aux Affaires extérieures

Memorandum by Special Assistant to Secretary of State for External Affairs

[Ottawa], October 20, 1960

CUBA

At 4.00 p.m. today I gave the Prime Minister the draft Memorandum for Cabinet dealing with Canadian policy arising from United States economic measures against Cuba. The Prime Minister did not have time to read the memorandum but scanned it quickly and asked whether officials were going back on their earlier position, i.e. whether the present recommendations were more accommodating to United States interests than had been the case when the matter first arose a week or so ago. I explained the position set out in the memorandum with regard to the administration of permits, saying that it was open to the Canadian authorities to make permits more difficult to obtain. The Prime Minister gave me the impression that he was not inclined in favour of more than a minimum compliance with the United States request. His views were not, however, definitive and I reported them to Messrs. Ritchie and Crowe merely

as an indication of the angle from which he would be approaching his study of the memorandum.

H.B. R[OBINSON]

632. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], October 20, 1960

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Trade and Commerce (Mr. Hees),
The Minister of Transport (Mr. Balcer),
The Minister of Veterans Affairs (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Defence (Mr. Harkness),
The Minister of Fisheries (Mr. MacLean),
The Solicitor General (Mr. Browne),
The Minister of Agriculture (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny),
The Secretary of State (Mr. Dorion),
The Minister of Northern Affairs and National Resources (Mr. Dinsdale),
The Minister without Portfolio (Mr. Halpenny).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Martin), (Dr. Hodgson).

. . .

CUBAN SITUATION

(Previous reference July [12])

26. *The Secretary of State for External Affairs* reported briefly on developments in Cuba. So far the Canadian government had not done or said anything in regard to United States actions. His department had taken the attitude that Canadian-Cuban relations were normal. The U.S. had been told that their actions were unwise, having in mind particularly the reactions of countries in Central and South America. The U.S. had now imposed an embargo on exports to Cuba which could present serious difficulties for Canada. As far as the military base at Guantanamo was concerned, U.S. Secretaries had told Canadian Ministers at Montebello in July that, should the Cubans attack, the U.S. would fight. Mr. Khrushchev had said that, if this happened, Russia would fire off some rockets. The whole situation was extremely dangerous.

27. *The Minister of Trade and Commerce* said that, in order to circumvent the embargo, American manufacturers were likely to try to export through Canada shipments destined for Cuba. A long-standing arrangement existed between the United States and Canada, to the effect that each country would respect the other's export controls. Should this form of indirect shipment be permitted?

28. *During the brief discussion* it was noted that a memorandum on the subject was being prepared by officials of the departments of External Affairs, Finance and Trade and Commerce. Some said that the government of Canada should suggest to the government of the

U.S. that exportation to Canada should be stopped by the U.S. authorities when it was apparent that goods were destined for Cuba.

29. *The Cabinet* agreed that further consideration should be given at another meeting of the Cabinet to the implications of the U.S. embargo on exports to Cuba.

. . .

633.

DEA/11044-AK-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL

Ottawa, October 29, 1960

MEMORANDUM TO THE CABINET ON CUBA

We understand that the Department of Trade and Commerce has now recommended to Mr. Hees that he should reconsider his concurrence in the proposed memorandum on exports to Cuba, and that Mr. Fleming has indicated that he could not support the first part of recommendation (a) in the memorandum, according to which the Canadian Government would express to the United States its deep concern at the possible consequences of intensifying United States restrictions on trade with Cuba. Up to this point the concern expressed by the Department of Trade and Commerce has been chiefly that if we do not adequately control the re-export of United States goods to Cuba, the United States would decide to impose some form of "final destination" control on exports to Canada. This could mean that Canadian firms relying on the United States for important components of their products would be able to get these components only if the United States exporter could certify that such components would not find their way into a product going to Cuba. In the view of the Department of Trade and Commerce this could become a very serious problem. Under past arrangements, when the United States and Canada have been in broad agreement on export controls, the United States has not imposed against Canada export controls in effect for United States exports to all other parts of the world. This has meant in practice that Canada has made its own decisions as to whether a particular commodity was of United States origin or had lost its United States identity by further processing in Canada, even if it had identifiable United States components. If the United States enforced "final destination" controls on component parts coming into Canada, this would amount in practice to a very serious interference with the freedom of action of Canadian firms which are dependent on the import of such components. However although United States does not impose destination controls on exports to Canada, they exercise the same authority presently indirectly since their regulations state that any United States Company which exports to Canada with knowledge that goods are to be re-exported to a destination to which the United States itself would not authorize an export, is subject to severe fines and blacklisting.

This is the basic reason for recommending voluntary co-operation with the United States authorities to prevent frustration of United States controls by trans-shipment of United States goods through Canada. However, the indications from Washington now are that United States officials may shortly make some proposal to Canada as to the degree of co-operation in this matter which the United States would hope to obtain. (The language of the United States Department of Commerce regulation reads in such a way that the impression might be given that this control could also be extended to Canadian companies although the Department of

Trade and Commerce have been reassured by the United States authorities that this is not the intention.) Despite the fact that Cuba has become a campaign issue, there seems to be some possibility that the United States will ask for less than the draft memorandum to Cabinet had proposed to offer. They may for example only request that we prevent the re-export of a limited number of specified United States goods which they regard as particularly sensitive. In these circumstances, since the Prime Minister has already publicly announced our position so far as the export of Canadian goods to Cuba is concerned, and since our Ambassador in Washington has already very clearly indicated to the United States Government Canada's concern at the whole embargo policy, it might be wiser not to make a further approach to the United States until we see exactly what co-operation on re-export of United States goods they intend to seek. In the light of such a United States request, a revised memorandum could be prepared for consideration by Cabinet.

You have asked for explanations on a number of points in the draft memorandum: (Mr. Campbell's memorandum of Oct. 24 attached)†

1. *Paragraph 2*: The reference to the reluctance of some firms in Canada to do business with Cuba was inserted at the instance of the Department of Trade and Commerce. We have questioned them again on this point and their answer is that the reluctance, to the extent it exists, is primarily concern about payment. Members of the Export Trade Committee of the C.M.A. have indicated to Trade and Commerce that there seems to be no reluctance to do business for each, in advance, but that the situation is one where there are naturally serious doubts about extending any credit. The sentence as it stands should be deleted.

2. *Paragraph 3*: The reference to attempts to restrain Canadian companies from taking Cuban orders concerns the Continental Can Company, the Canadian subsidiary of the United States Continental Can Company. The Steel Company of Canada informally advised the Department of Trade and Commerce that they, as well as Dominion Foundries and Steel Company, had been told by the Canadian Continental Can Company that they would get no further orders for their tin plate from Continental Can if they shipped tin plate to Cuba.

3. *Paragraph 4*: Under the regulations made by Order-in-Council on the authority of the Export and Import Permits Act, the Canadian Government has "controlled" the re-export from Canada of all goods of United States origin. Group 9 of the Export Control list contained in PC-1958-11958, effective August 16, 1958, puts under export control all goods originating outside Canada. In practice this affects primarily goods coming from the United States and the inclusion of this category in the export control list means that an export permit issued by the Minister of Trade and Commerce is required for the re-export of such goods from Canada. In the past, so far as goods of United States origin are concerned, export permits have normally been withheld only for re-export to the Soviet Bloc. Up to now, therefore, such goods would have received export permits for re-export to Cuba. A further factor in the situation is that a general export permit (Export Permit Ex. 2) has been issued covering a wide range of household goods and other peaceful commodities. Goods on this list of United States origin could be re-exported without an individual export permit by virtue of the authority contained in General Export Permit Ex. 2. The net effect of the recommendation in the memorandum to Cabinet was that we should continue to let goods of United States origin on this list move freely to Cuba, but should co-operate to the extent requested by the United States in preventing trans-shipment through Canada of other United States goods to a destination not approved by the United States, i.e., Cuba. The difference between this suggestion and the controls in respect of the Soviet Bloc is that United States origin goods, even if they are on this general export permit list, require an individual export permit for shipment to the Soviet Bloc.

4. *Paragraph 5*: An export permit is required for the shipment of items on the export control list to the United Kingdom. This is made clear in the introduction to the export control list contained in the above mentioned Order-in-Council.

5. *Paragraph 6*: The reference to the possibility of foreign assets control with respect to Cuba is contained in the attached telegram 2434 of September 27 from Washington.†

As indicated above, control of the re-export of goods of United States origin rests upon the Order-in-Council establishing an export control list, under the authority of the Export and Import Permits Act. It is of interest to note the purposes for which exports may be controlled, as set out in Section 5 of this Act:

"3. The Governor in Council may establish a list of goods, to be called an Export Control List, including therein any article the export of which he deems it necessary to control for any of the following purposes, namely,

(a) to ensure that arms, ammunition, implements or munitions of war, naval, army or air stores or any articles deemed capable of being converted there into or made useful in the production thereof or otherwise having a strategic nature or value will not be made available to any distinction wherein their use might be detrimental to the security of Canada;

(b) to implement an intergovernmental arrangement or commitment; or

(c) to ensure that there is an adequate supply and distribution of such article in Canada for defence or other needs."

In the case of exports from Canada to Cuba, other than arms and strategic goods, the first and third purposes are presumably not applicable. This means that the control must be based on "an intergovernmental arrangement or commitment." It is at least questionable whether any such arrangement, made in the past when Cuba was not an issue, can properly to applied to exports to Cuba.

N.A. R[OBERTSON]

634. DEA/2444-40

Note du chef de la Direction de l'Amérique latine pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Latin American Division, to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], November 2, 1960

LATIN AMERICAN REACTION TO THE UNITED STATES EXPORT EMBARGO AGAINST CUBA

When Mr. Heeney informed Mr. Dillon, the Under-Secretary of State, of Canadian misgivings concerning the proposed United States embargo against Cuba, he was told the according to the official United States estimate most Latin American Governments would either be in favour of the embargo (particularly in Central America) or would take the position that "it was a United States decision in the exercise of United States sovereign rights." Subsequently, Mr. Thomas Mann, the Assistant Secretary for Inter-American Affairs, gave Mr. Heeney, on a confidential basis, detailed information on the reaction of the various Latin American Governments. The impression conveyed by Mr. Mann was that the United States policy enjoyed fairly general support. He explained that the Central American Governments were very enthusiastic, and that there had been only one serious negative reaction from the 17 countries about which information had been received.

2. In order to supplement this information, Canadian missions in Latin America were asked to cable their appreciation of government and popular reactions to the United States trade embargo against Cuba. The replies lead us to believe that Mr. Mann may have exaggerated, at least by implication, the degree of support accorded the United States policy. I attach a comparison of the information on each country as provided by Mr. Mann and by the local Canadian mission.†

3. The telegrams from Canadian missions indicate that there is a growing awareness of Cuba's extreme provocation of the United States, and some understanding of United States indignation. The governments apparently appreciate that the embargo was, to a large extent, motivated by domestic policy considerations in an election period. There seems to be no disposition on the part of the major Latin American governments to join with the United States in collective action against Cuba. This, indeed, was implied by Mr. Mann when he asked Mr. Heeney to keep the information, "particular confidential," since it was a very sensitive matter for a number of Latin American governments. It is probable that they would not publicly support the United States for fear of antagonizing public opinion.

4. The information provided by Canadian missions in Latin America is in agreement with the concluding paragraph of an article on this question which appeared in the *New York Times* on October 30, 1960:

> "If the United States continues to deal with Cuba in its own way, the feeling here is that most Latin American Governments would deplore it politely for home consumption but not protest unless their interests were directly affected. On the other hand, it is agreed that a go-it-alone policy could dangerously strengthen the hand of pro-Fidelista and anti-United States elements with unforeseeable, long-range consequences, not only for American influence in the hemisphere but also for the political structure of several Latin American countries."

5. Our NATO delegation reported that informal soundings with other delegations revealed no specific reaction by NATO governments to the United States trade embargo. There is no indication that the United States expects, at this stage, either the members of the Organization of American States or of the North Atlantic Treaty Organization to join with the United States in a "quarantine" of Cuba. When Mr. Heeney first expressed his misgivings to Mr. Dillon on the usefulness of an embargo, Mr. Dillon agreed that he might be right, but said that domestic pressure had become irresistible. It would appear that the United States embargo is designed, to a considerable extent, to placate public opinion, a particularly sensitive matter during an election campaign, and is not necessarily the result of a cool examination of United States foreign policy interests.

6. We hope to report further on this question which may take on a different complexion after next week's election.[38]

YVON BEAULNE

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[38] Notes marginales :/Marginal notes:
This is interesting. A.E. R[itchie]
Noted. N.A. R[obertson]

635. DEA/11044-AK-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], November 2, 1960

SALE OF BEAVER AIRCRAFT TO CUBA

Recently the Cuban Government informally expressed an interest in purchasing thirty Beaver Aircraft ostensibly for civilian purposes. We understand that they are now inquiring of de Havilland whether sales could be arranged. It seems desirable that before negotiations between the Cuban authorities and de Havilland progress too far, the views of Ministers should be sought on whether an export permit would be approved.

In the light of the American embargo [on] exports to Cuba, this question has assumed greater importance than the question of the export of one Beaver to Cuba which arose one year ago when the only problem was the strategic consequences of the proposed sale. Cabinet has not yet made a decision on the broader question of our export policy to Cuba, although the Prime Minister has already publicly announced our position with respect to the export of Canadian goods.

If Cuban interest is genuinely centered on the agricultural version of the Beaver, since there is nothing in our export control regulations to prohibit the export, there would probably be considerable pressure on the part of de Havilland to have such a large order approved, (provided, of course, that Cuba is able to pay for the aircraft ordered). However, two questions arise, as follows:

(1) the implications for our relations with the United States of approving the export;

(2) the political implications which might ensue if the aircraft were in fact used for military purposes.

While the United States Government would obviously prefer that we did not export aircraft to Cuba, we do not believe that the United States would officially object to or comment on our decision to do so. However, although the aircraft is of Canadian manufacture, and according to Trade and Commerce could be classified as Canadian following the interpretation used in the past, there are United States components. The airframe is entirely of Canadian origin, the engines could be of either Canadian or United States origin, but the instruments would be partly of United States origin, even if substitution were made, or would involve manufacture by a Canadian subsidiary of a United States firm.

On strategic grounds our views over the past year on the exportation of Beaver aircraft to Cuba have at times differed from those of the United States. Shortly after the Canadian Government authorized the sale of the Beaver to Cuba last winter United States policy changed and in the early summer the United States placed an embargo on the sale of aircraft to Cuba. At no time, however, have they asked us to impose a similar embargo.

On strategic grounds we believe that the picture has changed considerably during the past year. A year ago, there were practically no airworthy aircraft in Cuba. However, the picture has altered considerably, and security reports which we have received indicated that a considerable flow of military aircraft is taking place into Cuba from Iron Curtain countries. Department of National Defence officials, whom we have consulted informally, believe that in present circumstances the Beavers would be unlikely to be used for offensive operations

outside the country. However, they have given us orally the opinion that they might be used internally against Guerillas.

The Department of Trade and Commerce are not prepared to say whether these aircraft could be interpreted as having a significant United States component until such time as a Government decision towards control of exports to Cuba of United States origin goods is taken. We believe, however, that this sale should be looked at exclusively in the light of our own policy on control of strategic materials to the Caribbean (which is regarded as a sensitive area) and our own judgment as to the Beaver's strategic significance. If, as we suspect, the ultimate order would involve the agricultural version only, the Government would be under considerable pressure to permit the sale. The problem then boils down to whether commercial and employment considerations should override the international political considerations of the possibility that the Castro régime might use the Beavers to suppress insurrections, or in other military operations inside Cuba. Since there is a possibility, although rather slight, that these could be employed in a military or quasi-military role, approval of this export would not be consistent with our efforts to limit our exports to the Caribbean to non-military items.

If you concur in this assessment, I recommend that we bring your views to the attention of the other Departments mainly concerned. If their Ministers hold strong views to the contrary, this would permit them to raise this matter with you before firm instructions are sent to the Embassy.[39]

N.A. R[OBERTSON]

636. DEA/11044-AK-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2767 Washington, November 5, 1960

CONFIDENTIAL. PRIORITY.

Reference: Telecon Schwarzmann-Ritchie Nov 4.

Repeat T&C Ottawa, Finance Ottawa, B of C Ottawa (Priority) from Ottawa (Information).

USA EXPORT EMBARGO ON CUBA

As reported in our reference telephone conversation we were called in by State Department November 3 and had further talks yesterday with Burdett, Director of British Commonwealth and Northern European Affairs, and Carlson, Canadian Desk, on the problem of trans-shipment through Canada of USA origin goods. While the immediate occasion of State Department concern was the report referred to in paragraph 4 below, our conversations extended beyond this particular matter and revealed considerable doubt and confusion within USA departments as to how the trans-shipment problem should be handled.

2. It is evident that there is considerable difference of opinion in the Administration as to how USA should deal with possible evasion of USA embargo so far as we may be involved. The Department of Commerce, who administer export controls, are pressing strongly for a request to Canada to prohibit re-export of all USA origin goods destined for Cuba. Officials of

[39] Note marginale :/Marginal note:
OK. H.C. G[reen] 7/11

the Inter-American Division of State Department are also recommending action of this kind, we were told (although Mann, Assistant Secretary of the Division seems not repeat not to be unduly concerned on this point). Both these groups are worried over public and congressional reactions if it should become apparent that the embargo can and is being evaded through the open border with Canada.

3. Officials in the State Department especially responsible for Canadian affairs (fully aware of our reservations in this matter) have so far been successful in maintaining that no repeat no formal request should be made to Canada for such cooperation unless and until it becomes clear that a "significant" trans-shipment problem is likely to develop. They wonder whether it might not repeat not be possible to forestall any serious problems by drawing informally to the attention of Canadian authorities any important cases before they develop.

4. I was in line with this approach that Burdett gave us on November 3 a copy of the confidential report (of which we informed you in our reference telephone conversation) upon the activities (in fact just *before* the USA embargo) of a group of Canadian businessmen in Havana (copy being sent to you by bag). You will see that according to this report these businessmen have offered a wide variety of USA and Canadian origin goods to various Cuban Government agencies. Although no repeat no firm orders had yet been placed apparently State Department fear that these activities might conceivably lead to a significant trans-shipment of USA goods.

5. Burdett made no repeat no specific request in connection with this report but he appeared to have in mind that, having been made aware of it, Canadian authorities might be able and willing to head off any consequential trans-shipments by cautioning the firms concerned or by some other informal means. Furthermore, it seems clear that State Department, at least for the moment, is hoping that the level of trans-shipments of USA goods through Canada will not repeat not become substantial and that any spectacular cases of evasion can be prevented informally and without any official request for Canadian cooperation (which it is clear at the working level at any rate the State Department are anxious to avoid).

6. If and when trans-shipments through Canada do become a substantial problem which cannot repeat not be dealt with informally, we gathered that what is presently envisaged would be a request for Canadian cooperation on *all* USA origin goods. It is the present view that to limit a request to only a narrow range of items would raise considerable presentational and political problems for the USA unless a public statement could be avoided. Any public statement concerning such a limited USA request would make it clear that all goods other than those listed could be freely shipped via Canada and this, it is felt, would lead to severe criticism by USA industry and probable force the USA to impose its own trans-shipment controls with respect to exports to Canada. In this connection, Department of Commerce officials, administering export controls, told us that they recognized that the imposition of USA export controls with respect to Canada would undoubtedly create real difficulties in Canadian-USA business relations.

7. From conversations we have had with Shaeffer, Acting Director, Office of Export Control, in the Commerce Department, it is clear that they are receiving many enquiries from USA exporters for a public statement about the position regarding Canada. We understand that, in response, for the time being, the Department of Commerce is simply drawing attention to the provisions of Section 370.3 of the Export Control Regulations providing penalties for USA suppliers knowingly engaged in trans-shipments through Canada (our telegram 2735 November 1).†

8. With respect to Section 370.3, Shaeffer drew our attention to a curious technical loophole which would make it perfectly legal for a USA exporter to ship goods to Canada and have them reshipped to Cuba by an in transit movement through USA. This anomaly arises because

the penalties under Section 370.3 do not repeat not apply to shipments made under a general licence. Shipments from Canada to third countries in-transit through USA are made under the terms of a general in-transit licence which permits transit of USA for both Canadian and USA origin goods. For other countries the in-transit privilege is restricted to foreign origin goods. This particular problem is now under consideration in the Department of Commerce.

9. The situation here may change at any time. As you can judge from this message, at present it is fluid and confused and USA authorities are in doubt how to proceed. The State Department, knowing Canadian views, are reluctant to make any request for Canadian action. They would like to be able to rely on the kind of informal cooperation described in this telegram as a means of forestalling any significant evasions of the embargo through Canada. If, on the other hand, serious transhipment problems develop and such informal procedures prove impossible or insufficient, we would expect to receive an official request for formal cooperation and quite possibly over the whole range of USA goods.

10. I recognize that this report reveals a complicated and contradictory situation here upon which it is difficult for you to give us instructions. Nevertheless I would be grateful for such guidance as you may be able to give us and particularly for advance notice of any explanations the government may be contemplating in answer to enquiries.

[A.D.P.] HEENEY

637. DEA/2444-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2780 Washington, November 8, 1960

CONFIDENTIAL. PRIORITY.

Repeat Candel New York (Priority) (Information).

By Bag Havana from Ottawa

CANADIAN-CUBAN RELATIONS

Since USA announcement on October 19 instituting export control by USA on shipments to Cuba, the implications of this move for Canada, and Canadian policy towards Cuba, have been fairly widely discussed in the press here and elsewhere. The info section of the Embassy has received a large number of press enquiries, and there have been a number of editorials in USA press commenting on various aspects of the Canadian position.

2. From our mission in Havana, recent reports indicate that spokesmen for the Cuban Government have not repeat not hesitated to place their own public interpretation on the Canadian position and to exploit it to their own domestic and international advantage. You will also have seen the recent message from Consul General New York (telegram 2097 November 7)† reporting on the peaceful picketing of the Consul General by a local Cuban émigré organization, as well as the communication received recently by the Embassy from a number of Cuban editors now in exile in Florida criticizing various features of Canadian policy as they interpret it.

3. With the current emphasis here on the elections, an emphasis which is likely to be maintained for several days, public attention to the Cuban issue, and its implications for Canadian-USA relations, has receded. It would only be realistic to expect, however, that there will be a renewal of public and press interest in this problem in the near future.

4. For this reason, I am sure you will agree that it is important that our position should be put as clearly as possible in USA and elsewhere. Up to the present we have replied, in dealing with press enquiries, on the Prime Minister's original statement to the effect that Canada has no repeat no intention of imposing any embargo on Canadian goods in Cuban trade, and on the replies to questions by the State Department which were worked out in concert with the Embassy (our telegram 2670 October 22† and related messages† refer).

5. There is evidence both in newspaper comment and in the messages from émigré groups to which this message refers, that there is a good deal of misunderstanding of the actual Canadian position. For example, the press release issued by the Cuban émigré group in New York refers to the "Canadian policy of continuing to supply strategic materials to the Castro régime." There have also been inaccurate statements referring to Canadian "trade missions" in Cuba. There have been reports in the British press of a Canadian-UK "pool," aimed at supplanting USA trading position. Another common misconception is that Canada has been subjected to USA pressure.

6. In the light of such misstatements and misinterpretations of Canadian policy, you may already be giving consideration to a statement for Parliament on the general Canadian position with respect to Cuba, in which the trade aspects (to which so much attention has been directed) would be dealt with and placed in this wider context. On the trade side, we would presumably reaffirm our position so far as Canadian exports to Cuba are concerned. It might also be desirable, quite apart from any specific decision on control of USA goods transhipped through Canada, to make it clear that Canada is not repeat not seeking to exploit the present trading situation at the expense of USA.

7. If we could receive here in advance, on the basis of any statement which may be under preparation in Ottawa, a fuller background guidance note on the position in Cuba, this would be most helpful.

[A.D.P.] HEENEY

638. DEA/2444-40

L'ambassadeur en Argentine
au secrétaire d'État aux Affaires extérieures

Ambassador in Argentina
to Secretary of State for External Affairs

DESPATCH NO. 532 Buenos Aires, November 10, 1960

SECRET. CANADIAN EYES ONLY.

Reference: Letter L-780 from Cuba of October 25.†

CUBAN-USA RELATIONS

Mr. Anderson's interesting despatch under reference states that he would welcome comments from his Latin American colleagues on the Cuban situation, and what Canada might do in the face of our obvious difficulties resulting from the Cuban-United States dispute.

2. If, as Mr. Anderson suggests in paragraph 11 of his despatch, the Cuban government "is a communist bridgehead directed at the Americas, and that *all* American countries had better look to their fences," we must evolve a policy which will counter this threat, and any benefit or harm that will result to our trade must be purely incidental. The question then arises, will Canadian cooperation with the United States trade embargo contribute to the success of such a policy? I don't think it will.

3. It will not be effective unless the rest of the free world joins in as well, — and it will not bring Castro to his knees nor induce the mass of the Cuban people to renounce his leadership. It will, by denying him any alternative, compel Castro to confirm his bonds with the Communist camp, and make an ultimate Cuban reconciliation with the United States just that much more difficult.

4. For Canada to join with the United States on this issue would certainly poison our relations with Cuba and sabotage our chances of playing a useful role in the Cuban affair either now or later on. It might not lead to a break in diplomatic relations but the effectiveness of our Embassy as a listening post in what has become a vital area to us would be greatly restricted. The United States themselves should put some value on the usefulness of this special position we have in Havana. The situation is reminiscent of our decision to maintain relations with Vichy after the surrender of France in the last war, and the consequences could be as helpful. (I need not enlarge on the adverse effect which Canadian support of the United States embargo at this time would have upon our image as an independent state, or upon our influence particularly among the under-developed nations.)

5. The danger of maintaining a normal association with Cuba in the face of the United States embargo lies in the possible impact on Canadian-United States relations, and in a misunderstanding in other countries of our motives and of our sympathies in the United States-Cuban conflict. We cannot afford to ignore either of these factors and our position is going to have to be carefully explained to United States government *and* business circles if we are to avoid a hostility that could ultimately do us more harm than a trade embargo against Cuba. I presume we have made our position clear in Washington. We should explain publicly that the United States embargo was a unilateral action, taken without prior consultation with Canada, — nor apparently with the Latin American republics. Had the United States been anxious that we support them in their stand they would have at least sought our views. In the rest of the United States it is a public relations job of no mean proportions. We should, I think, be prepared to give the United States certain assurances about controlling the export of strategic materials from Canada to Cuba. This would be prudent from the point of view of our own security, and would indicate to the United States that we are not anxious to add to the military threat represented by Cuban-Soviet cooperation.

6. In the rest of the Americas — and to a lesser extent in other countries — it will be necessary to explain that Canadian refusal to go along with the United States anti-Cuban embargo does not imply any sympathy with or support for Cuban policies. We are not necessarily neutral in the conflict between Cuba and the United States. This is a point which should be made to the Foreign Offices in all the Latin American countries where we have missions. The local press has referred to Mr. Diefenbaker's statement about Canada's not joining any embargo on Canadian goods in Cuban trade, and also to statements from Cuba and elsewhere about Canada's opportunities to increase trade with the country as a result of the United States action. The references have been reasonably accurate, but I fear they may have been misconstrued as Canadian condemnation of United States policies toward Cuba. Our Latin American missions (and perhaps others as well) should be instructed to make the Canadian position quite clear on this matter. We have already spoken to senior foreign office personnel here in this sense.

7. In doing business with Cuba under present circumstances, it is uncertain that we will establish any connections of lasting value; or even obtain the lion's share of the business that formerly went to the United States. Mr. Anderson points out that Canadian trade will be cut off the minute the present Cuban government thinks it economically or politically desirable to do so. Nevertheless, I believe Castro will nurture the Canadian connection. Aside from the value which it has a source of supply for many "U.S. type" items which Cuba must have, he may not

want to become too dependent upon Soviet Russian either. The United Arab Republic saw the danger in this, under somewhat similar circumstances, and Castro may do so as well. In addition, I think pro-Castro sentiment throughout Latin America would suffer a setback if he were to quarrel with Canada in the way he has with the United States. His differences with the United States have pleased certain Latin Americans for whom anti-Americanism is a popular recreation, but we have the definite impression that Castro's prestige is waning at least in this part of the world. He has overshot the mark so often that he is no longer the symbol of Latin American emancipation which he definitely was some months ago. If his image is not yet that of a buffoon, a few more ill-contrived actions would make it so. If he were now to break with Canada, the most likely reaction in this part of the world would be the confirmation of a growing belief that he is an intemperate, unstable individual, unable to get along with anyone. As it would do him more harm than good, he will probably try to avoid it.

8. While I believe it would be a mistake for Canada to follow the United States example of an embargo against trade with Cuba, circumstances would be altered should the O.A.S. decide to support the United States on this issue. At that time, the Canadian position would have to be reviewed.

R.P. BOWER

639. J.G.D./VI/848/C962

La ministre de la Citoyenneté et de l'Immigration
au premier ministre

Minister of Citizenship and Immigration
to Prime Minister

CONFIDENTIAL Ottawa, November 10, 1960

My dear Prime Minister:

I attach hereto a copy of a letter which I have today sent to the Secretary of State for External Affairs, concerning the problem of persons seeking to leave Cuba and come to Canada. I thought that you might wish to see this, in the event that Mr. Green agrees that it would be desirable to have a brief discussion of the problem in Cabinet.

Yours sincerely,
ELLEN FAIRCLOUGH

[PIÈCE JOINTE/ENCLOSURE]

La ministre de la Citoyenneté et de l'Immigration
au secrétaire d'État aux Affaires extérieures

Minister of Citizenship and Immigration
to Secretary of State for External Affairs

CONFIDENTIAL Ottawa, November 10, 1960

My dear Colleague:

You will recall that in August of this year we were concerned over the fact that a number of Cubans had obtained entry into Canada for short periods of time as visitors and subsequently caused us embarrassment through the fact that they began to organize from a base in Montreal

activities directed against the Castro régime in Cuba. This led us to review the means by which we might more effectively control the entry of similar persons from Cuba in the future.

As the result of a meeting on August 10 between your Deputy, Mr. Robertson, the Commissioner of the R.C.M.P., and my Deputy, Dr. Davidson, I understand that a memorandum was sent to you suggesting that it would be desirable to establish more effective control over persons coming to Canada from Cuba, through requiring all Cuban nationals, native-born or naturalized, to obtain non-immigrant visas prior to their coming as visitors to Canada. There has been a long-standing policy, applicable to nationals in all countries of the Western Hemisphere, under which visitors who are nationals of these countries can come to Canada for temporary periods without being required to obtain first a non-immigrant visa.

We were informed, under date of August 22, by your Department that you had indicated your approval at that time of the proposal that we should except Cuba from the general provisions applicable to other Western Hemisphere countries and establish the requirement that all Cuban nationals coming to Canada for temporary purposes must first obtain non-immigrant visas.

At the time my Deputy first discussed this proposal with me, I expressed some reluctance to single out Cuba for special treatment, which would set nationals of that country aside from nationals of other Western Hemisphere countries and expose us possibly to the criticism that we were acting in a discriminatory fashion against Cuban nationals. As you know, it would be necessary, if the proposed policy were to be adopted, to spread fairly widely the information as to the new requirement respecting Cuban nationals. Your posts abroad would have to be advised, as well as my own officials, and probably Trade and Commerce as well. Transportation companies would also have to be notified of the change.

It was because I could see the possibility of repercussions if the change were made that I decided to delay implementation of the proposal for a further period, in order to see how matters developed. During the intervening weeks we have not been deluged with difficult problems from Cuba, although I understand that your Embassy officials in Havana have been under considerable pressure and have strongly supported in their dispatches to Ottawa the proposed change requiring non-immigrant visas to be obtained in all cases. They feel that this would make their position in Havana much easier than it is at the present time.

The matter has been further complicated, I understand, by the fact that the Chinese community in Cuba, numbering from 30,000 to 35,000 (both Chinese nationals and naturalized Cuban citizens), has begun to show signs of becoming very restive because of the Castro Government's recognition of the Government of Communist China. There have been indications that a considerable number of Chinese in Cuba have been inquiring at the U.S. Embassy for transit visas that would permit them to visit their relatives in Canada, and it has been stated quite openly to the U.S. authorities in Havana by these Chinese that, if they can get to Canada, they plan to remain here. At the present time, we are protected by the fact that the U.S. authorities are refusing to issue transit visas unless the applicants have onward visas that will permit them to enter a third country. If the U.S. authorities were under any circumstances to change this requirement and issue transit visas on a more generous basis, we might very well be faced with a considerable number of Cuban nationals (and Chinese nationals resident in Cuba) arriving at our ports of entry and presenting themselves for admission without any visas whatsoever.

I am sure that you will agree that this would present us with a very difficult problem since they would already be in Canada and we would have the greatest difficulty in returning them, either to Cuba (to which they would not wish to return) or to any other country.

It is because of these new developments that I have considered it wise to write to you at this time for the purpose of coming to some common agreement as to what should be done. I would

suggest for your consideration that we should arrange for a brief discussion of this problem in Cabinet and, if you think this is advisable, I will be glad to arrange for a brief memorandum to be prepared, which will set out the problem for the consideration of our colleagues.

I do not suggest that we necessarily have to take action immediately to require Cuban nationals to obtain non-immigrant visas in all cases (though your Embassy in Havana strongly urges this) but I think that it would be advisable for us to have the concurrence of our Cabinet colleagues in imposing this requirement on short notice at any time in the future when the situation deteriorates and seems to us to make this requirement necessary.

I would appreciate your views on this problem after you have had a further opportunity to consider it.

Yours sincerely,
ELLEN L. FAIRCLOUGH

640. DEA/2444-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

RESTRICTED [Ottawa], November 11, 1960

ATTITUDE OF PRESIDENT-ELECT KENNEDY ON CUBA

The Cuban problem became a significant campaign issue on October 20 when Mr. Kennedy issued a statement criticizing the Republican partial embargo policy as "an empty gesture" which would have little effect in removing Communist rule from Cuba and which would only increase Cuba's dependence on the Communist bloc. Mr. Kennedy said that four measures should be taken to hinder the consolidation of the Castro régime and to prevent its influence from spreading throughout Latin America:

(1) Enlist the cooperation of allies, especially those in OAS, to promote collective action against Communism in the Caribbean;

(2) Consider stringent economic sanctions against Cuba such as the seizure of all Cuban assets in the United States and measures to prevent goods being shipped to Cuba via a third country;

(3) Strengthen the non-Batista democratic anti-Castro forces in exile and in Cuba itself, who offer eventual hope of overthrowing Castro; and

(4) Act to prevent the spread of Communism in Latin America by removing the conditions under which Communism thrives.

2. The third suggestion was denounced as "dangerous" by Mr. Nixon and was widely criticized in many circles regardless of party. Mr. Kennedy backtracked on this suggestion shortly afterwards, arguing through his campaign manager that his position had been distorted and that the only help intended was broadcasting facilities for Cuban exiles in the United States.

3. Nevertheless the impression was left that the President-elect would favour an even firmer policy toward Castro than the Republicans.

4. It has to be remembered, however, that Kennedy's statement of October 20 was made in the heat of the campaign; that he was no doubt anxious to remove the public impression of "softness" toward Communism which his attitude over Quemoy-Matsu had suggested; and that

Cuba was (and is) a highly emotional issue for many Americans on which Mr. Kennedy might well expect, by taking a hard line, to capitalize at the polls.

5. The campaign, however, is now over and Mr. Kennedy may be expected to look at the Cuban problem as a continuing one. Mr. Kennedy is tough, but flexible and does not appear to be the sort of man who will rush headlong down a one-way street without careful consideration. He may, of course, believe that the Cuban régime is both Communist and a Soviet satellite, but however intolerable this may be to the United States, we have no grounds to assume that he would favour military intervention as a possible solution. He indeed emphasized in his October 20 statement that the fourth proposed measure, removal of the conditions in which Castro-like movements could succeed, was the most important. Emphasis on this approach is also consistent with the Democratic platform which calls for "restoration of the Good Neighbour Policy in Latin America based on far closer economic cooperation and increased respect and understanding."

6. By the time of his inauguration the President-elect will have had an opportunity to look into all the information available on Cuba and Latin America, to benefit from the continuing studies made in the State Department and particularly to consult with the men around him like Bowles, Stevenson and Fulbright who can be expected to give sane and sober advice. The outcome may well be a new assessment. In the evolution of such an assessment, it is possible that Canada may have an opportunity to make its views known.

N.A. R[OBERTSON]

641. DEA/4568-40

L'ambassadeur à Cuba
au sous-secrétaire d'État aux Affaires extérieures

Ambassador in Cuba
to Under-Secretary of State for External Affairs

LETTER NO. L-853 Havana, November 17, 1960

CONFIDENTIAL

Reference: Washington Telegram to External 2780 of November 8, 1960.

CANADIAN-CUBAN RELATIONS

A copy of the telegram under reference came to us by bag last night and since the courier will not be able to leave for Ottawa until later today I have time for a hasty comment.

2. I wish to express the strongest possible support for Mr. Heeney's suggestion that consideration might be given to a statement on the general Canadian position with respect to Cuba. The misunderstanding of our position is widespread here, indeed almost universal, and we have been endeavouring to describe it in a number of letters and telegrams. A clarifying statement would be most helpful.

3. The Cuban Government leaders, such as Fidel Castro, Guevara, Nunez Jimenez, Boti (Minister of Economy) and Cepero Bonilla (Minister of Commerce), have all been taking the line that Canada's friendship is cherished by Cuba and that purchases of goods from Canada will offset the difficulties of the United States embargo. The half-dozen propaganda sheets, so-called newspapers, which are government-controlled and are the only newspapers seen by Cubans, have followed enthusiastically, no doubt under instructions.

4. With this must be bracketed the often-repeated Cuban attitude that there is no middle ground. "He who is not with us is against us." Consequently, Canada is regarded as on the side of Cuba and therefore automatically against the United States.

5. Some Americans here, who might perhaps be expected to know better, believe this. Almost all Cubans, whether pro-Castro or anti-Castro, believe it. I learn from the Washington telegram that a group of Cuban émigrés picketed our offices in New York. Here, yesterday, we received a letter from the MRP, the principal revolutionary group, a letter which speaks for itself. It is going forward in this bag as an enclosure to our L-848.† We find ourselves under attack in conversation with almost any group that we may encounter on social occasions.

6. I would add only one suggestion to what Mr. Heeney has said, and that is, that if consideration is given to the making of a statement, serious thought might be given to the possibility of including in it an indication of our position with respect to communism. One of the more embarrassing aspects of our misunderstood position here is that in the public mind friendship with the Castro Government directly implies friendship with the communist countries who are now so closely linked with his régime, as well as with the local communist party. To Americans, and to all Cubans who disagree with Castro's communist leanings, we are beginning to be considered as fellow-travellers, if not worse.

7. At this stage, nothing could be more valuable, more helpful, in clarifying the Canadian position than a statement from Ottawa. We should, of course, be grateful for as much information in advance as may be possible.

ALLAN C. ANDERSON

642. DEA/288-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 3065 Washington, December 9, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: Telecons with Under-Secretary Dec. 9.

Repeat T&C Ottawa (OpImmediate) from Ottawa (Information).

By Bag Havana from Ottawa.

CANADIAN-CUBAN TRADE: USA RELATIONS

Canadian-Cuban relations have today become of increasing interest and concern on the part of press, TV and radio here and in official circles as well. The comment varies from surprised to sharply critical. Announcement of the arrangements for the sale of the Royal Bank properties in Cuba have been widely reported[40] as has the sudden arrival in Canada of the Cuban trade mission under the Minister of Economic Affairs.[41] In both cases news despatch mainly from Havana have embellished the events reported by referring, for example, as the UPI report of December 8 from Havana did in the case of the bank transfer, to the fact that the

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[40] Voir/See R. Hart Phillips, "Cubans Take Over Big Canadian Bank," *New York Times*, December 9, 1960, p. 1.

[41] La mission commerciale est arrivée au Canada le 8 décembre. Voir Bruce Macdonald, "Delegation Reaches Ottawa: Tenfold Rise Forecast in Canada-Cuba Trade: U.S. Ban May Bring More Sales," *Globe and Mail*, December 9, 1960, p. 1.

The trade mission arrived in Canada on December 8. See Bruce Macdonald, "Delegation Reaches Ottawa: Tenfold Rise Forecast in Canada-Cuba Trade: U.S. Ban May Bring More Sales," *Globe and Mail*, December 9, 1960, p. 1.

Canadian banks had been permitted to operate unmolested because of what Castro has termed the "cooperative attitude" of the Canadian Government towards his revolutionary régime.[42] Similar comments have been seen in connection with the reports on the Cuban trade mission now in Ottawa.

2. This morning an interview given to a UPI reporter by Senator Prescott Bush (R Conn) last night on his return from a three week tour of Central America, centered on Canada's trade with Cuba.[43]

3. The UPI quoted the Senator as saying, "I just can't understand Canada's attitude." He went on to say that the Cubans are apparently buying anything they want in Canada. Senator Bush is also reported as telling the UPI that he had been informed in Mexico that Cuba had been withdrawing funds from Mexican banks and transferring them to Canadian banks. In this context he said "I assume they are considerable amounts."

4. Senator Bush is reported to have said that he intended to ask the State Department today for a report on this situation. He was apparently particularly concerned about the movement of USA goods to Cuba through Canadian outlets.

5. There have been varying accounts of the Cuban trade mission's reception in Ottawa. State Department officials have today drawn our attention to the text of UPI report from Ottawa based on statements attributed to the Minister of Trade and Commerce the text of which is given in my telegram 3066 December 9.†[44]

6. You will recall that in my telegram 2780 November 8 it was suggested that you might wish to give consideration to a policy statement on our relations with Cuba which would help to put them in perspective. In the absence of such a statement, we have been able to answer enquiries from press and USA officials only on the basis of the statements made in the House of Commons on November 22 and November 23 by the Minister of Trade and Commerce (in addition, of course, to the Prime Minister's statement in Winnipeg some time ago). We have also made it clear to enquirers that the current trade mission had been undertaken entirely on the initiative of the Cubans and not repeat not in response to any Canadian Government invitation.

7. The point of view reflected in the reports referred to above will persist and be elaborated in USA unless we are put in the position to provide firmer guidance as to the real position. Canadian statements made so far do not repeat not deal with the question which has now come to the fore i.e. our policy with respect to the transhipment through Canada of USA goods presently under embargo to Cuba. It is our understanding that in fact while maintaining our own normal trading relations with Cuba so far as Canadian exports are concerned, export licences are not repeat not being issued by Ottawa for USA origin goods and that it is not repeat not the intention of Canadian authorities to exploit the situation arising from USA embargo.

8. It is evident from conversations today with newsmen that we can expect a spate of further critical comment, probably over the weekend. One reporter, for example, has told us that the Secretary of Commerce has today communicated with the Secretary of State urging him to dissuade Canada from permitting the transhipment of USA origin goods, and that Herter has replied to the effect that this problem has been drawn repeatedly to the attention of the Canadian authorities. Another reporter has a story that the Department of Commerce has knowledge of certain transhipments which have already taken place.

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[42] Aucun article de l'UPI n'a été trouvé sur cette question.
No UPI report on this matter was located.

[43] Voir/See "Canada OK's Hike in Trade with Cubans," *Chicago Daily Tribune*, December 10, 1960.

[44] Voir/See "Canadian Minister Hails Cuban Trade," *New York Times*, December 10, 1960, p. 5.

9. In these circumstances, it is, I believe, of serious importance in terms of our relations with USA that a public statement of Canadian policy be made just as soon as possible and that, meantime, we be authorized to inform USA authorities of the actual position which we understand to be that described in paragraph 7 above.

[A.D.P.] HEENEY

643. DEA/288-40

L'ambassadeur à Cuba
au secrétaire d'État aux Affaires extérieures

Ambassador in Cuba
to Secretary of State for External Affairs

DESPATCH NO. D-937 Havana, December 13, 1960

CANADIAN EYES ONLY. CONFIDENTIAL.

Reference: My Letter 903, November 30, 1960.†

CANADIAN POSITION IN CUBA

After listening to the CBC news last night, and hearing a summary of the Prime Minister's admirable clarification of Canada's attitude towards trade with Cuba,[45] I was so relieved and pleased that I almost tore up the draft of the rather bitter despatch on which I had been working.

2. Almost, but not quite. This is an excellent first step towards clearing the atmosphere and letting people understand what Canada's position really is, but more is needed. Things have gone too far for easy clearance by one statement. We need reiteration, and amplification. There is a fair chance that the statement by Mr. Diefenbaker will be published in *Information*, which is still allowed to carry a selection of AP and UPI reports. If so, this is very good, because a lot of people read *Information*. I doubt that it will appear in any of the other "newspapers," in which anything less than adulation is lèse majesté and not admitted.

3. Following is the despatch which I had been writing……..

4. In an Ottawa report in Saturday's newspapers here, as well as on the radio, the Minister of Trade and Commerce, Mr. Hees, is quoted as having stated "We trust that we can do more business with Cuba. We hope to develop our trade considerably." He is also reported as having said that Canada would be pleased to multiply its exports to Cuba by ten. Further on, he is quoted as saying, about the Cubans, "they are magnificent customers. Nowhere could one find better business men." I am of course translating from Spanish and these quotations may not be precisely what was said.

5. These remarks have caused a good deal of comment here over the weekend. They have been received coldly and sourly by Americans here, with resentment by those Cubans who are opposed to the Castro régime and its communist allies, and, I should think, probably with warm favour and applause by supporters of the régime.

6. I wish to be extremely careful here to avoid giving a distorted or exaggerated impression, and I should like to examine these reactions. The factor which above all others makes it difficult for us to assess the relative strength of the two sides is that most of the Cubans whom we know personally, and most of those we meet in the course of our consular, commercial and

[45] Voir Canada, Chambre des Communes, *Débats*, 1960-1961, vol. I, pp. 730 à 731.
See Canada, House of Commons, *Debates*, 1960-1961, Vol. I, pp. 700-01.

other business, are opposed to the régime. We are apt to hear much more of the one side than of the other, and we are constantly alert to the danger that this might tend to influence our judgment.

7. I shall begin with the opposition, which of course includes all Americans as well as many Cubans. A dozen people who have spoken to me, as well as many others who have spoken with Canadian members of the staff, are taking it for granted that Canada is doing one of two things, either jumping in as a trader, taking advantage of the United States embargo for profit, or else deliberately aiding and abetting the Castro-communist Government in its frantic efforts to keep its economy from collapse.

8. I am not saying that such people are right in their contentions; I am simply reporting a fact, a state of opinion that actually exists. There is, of course, a good deal of emotion in their attitude, more emotion than reason. Few if any have taken the trouble to analyse the Canadian policy. I try as best I can to keep out of arguments, but to several people I have put the challenging question "What would you have Canada do?" When pressed to it, most of the Americans will admit that there is no justification for Canada's joining in the United States trade embargo. But they do not budge from the position that to increase our trade substantially, especially when such a scale as "multiplied by ten" is mentioned, is not only an unfriendly act towards the United States in that it at least partly nullifies the embargo, but that it is extraordinarily and astonishingly short-sighted in that we are giving aid and comfort to a communist Government trying to establish itself in the Americas.

9. As for the anti-Castro Cubans, with the rare exception of a thinking man, they do not look for reason in the matter at all but simply, and fiercely, denounce us as friends of Castro and his communists. (It does not seem to matter to them, or even to occur to them, that our diplomatic relations are with Castro's Government, not with his opponents. They speak purely from emotion.) Many of them, probably most of them, are still revolutionaries at heart, but what they vainly long for is the ideal of the Revolution as it was at first conceived. The majority of them were Castro supporters at first. None of them would willingly have the Batista régime back — no, I must modify that. Two have said to me something like "it was bad under Batista but never this bad." But they believe that Castro and his Cuban associates have sold them and sold their country into the hands of the Soviet Union and the Red Chinese, and their hatred of Fidel today is as bitter as their hatred of Batista could ever have been.

10. These oppositionists include practically everybody "who had anything," as Max Frankel has very well expressed it in one of his recent articles in the *New York Times*. Many of these have left the country, and reports drifting back to us from Miami indicate that Canada's reputation among the thousands of refugees there is far from good. Most of the wealthy have long since left. The newspaper publishers and editors, the university professors (now to be replaced, it is announced, by imports from communist countries), a great many of the doctors, including every doctor with whom we were personally acquainted except one, and of the former business men most of those who had any money abroad, have fled. We still meet many business men, or rather ex-business men. Our consuls deal daily with anything up to thirty or more Cubans who wish to 'visit' Canada, some genuinely and legitimately but many merely seeking some way to get out while they can. A great many, of course, cannot meet the requirements; our returns of 'visas refused' are longer than they used to be. Our commercial officers meet a steady stream of Cubans, some who have been commission agents all the time, others who were independent business men but are now trying to pick up stray scraps of business as agents. Overlapping all of these groups and also including many of the small business and small-wage classes is the Catholic Church, which has recently had more and more open clashes with the Government.

11. There comes pat to my hand a letter from a Cuban lady. She escaped to Miami, from there wrote to her old friend Col. Oland, and he sent a photostat to Mr. Green. We have just received a copy (your transmittal slip, L.A. Division, November 28). You may have read it already; if not, I recommend that you do so now. This is a woman of forty-five, educated, travelled, a writer, obviously a good observer. Her style illustrates the emotion which I have been mentioning, but her letter also vividly illuminates what has been happening to her and to her family and friends, and what she thinks of Castro's Cuba.

12. These then, very roughly sketched, are the groups who oppose the régime. And among them, I repeat, are most of the people we meet. What of the groups who support Castro?

13. First, there are the large numbers of rural workers who have formed the foundation for his movement. The daily "bolas," there being no freedom of the press, suggest to us that there is mounting discontent among these. Nevertheless, some of them have received benefits, many have been given hope, and we must assume that a great many of them are still on his side.

14. Then there is the comparatively small group of senior people who appear to be the actual managers or operators of the régime: Guevara, the two Castros, Nunez Jimenez, the Ministers, especially Hart, Boti and Cepero Bonilla, Almeida, the Commander of the Army, some heads of Government Departments at the Deputy Minister level, notably Carlos Olivares of External Affairs, Carlos Franqui, editor of *Revolucion* (26th of July organ) Carlos Rafael Rodrigez, editor of *Hoy* (Communist party organ), Wanguemert, Pardo Llada and one or two other top propaganda writers and commentators, Blas Roca and Juan Marinello, the "old" Communists, Jesus Soto, the Communist labour leader, who never moves without his bodyguard armed with sub-machine guns (he is having bad trouble with some of his unions just now), and a number of others. It may be assumed that all of these support the régime, and of course they all loudly sing the praises of their Communist allies.

15. Third, there are a great many very young men, uneducated and inexperienced, on the staffs of Government Departments, or of industrial and commercial firms taken over by the state, in the militia, in the army, or studying special courses to prepare for school teaching. And there are union members, many of whom are not so young. Many of these groups are fervid followers; it is interesting to visit BANCEC, the State Bank for Foreign Trade, and see the numerous young clerks, almost every one with a gun on his hip. They are proud of these Czech pistols, but perhaps would be hard put to it to explain the purpose of carrying them in office hours. But among the clerks, and in the unions, and in the militia, and even in Government Departments, we hear persistently that there are many who stay on these jobs and follow the party line because they must. Many a Nathan is bowing down in the house of Rimmon.

16. What of the future? With a badly split following and an economy now worse than shaky, can the Castro régime survive? We think that it probably can, *provided* it continues to depend on Sino-Soviet support, but not otherwise, and perhaps not indefinitely. The Cuban opposition is badly scattered and split, and at present seems incapable of mounting any attack that could possibly succeed against Castro's heavily armed forces. But desperate men can sometimes achieve miracles.

17. If Canada continues to encourage this régime beyond the bounds of "normal trace," there are three easily-seen results. We are gaining the "friendship," if you care to call it that, of Castro and his group, and probably also gaining amused smiles from such people as Khrushchev and Mao Tse Tung, who know exactly what is happening and are not moved by emotion. Two, we are damaging Canadian-United States relations, to what extent I cannot judge. Perhaps Washington might wish to comment. Three, we are alienating ourselves from *any* future Cuban government which may attain power in the future. And I add a possible fourth. It has seemed to me lately that I am not hearing from my Latin American colleagues as

often as I am accustomed to do. They are as badly worried about Castro's movement, and its possible or probable effects on their countries, as any group of men could be. I cannot yet say that they are actually avoiding contact, but I have some uneasiness. After New Year's I shall give a cocktail party and see what happens. ……..

18. That is as far as I had gone when I heard the CBC. I breathe a sign of relief, and I hope with all my heart that we shall hold back our expansion of trade to "normal." I hope also that there will be ample exposition of the Canadian position, following the line that Mr. Diefenbaker gave today.

Addendum

Mr. Diefenbaker's remarks were *not* published by any Havana newspaper today.

What was published was a short report dated "Ottawa 12 (PL)," presumably sent by some member of the Cuban delegation and rewritten here. It is the usual practice of *Prensa Latina* to take despatches, AP, UPI, etc; rewrite them here with their own slant and give them to the Government-controlled newspapers as legitimate "*Prensa Latina*" despatches.

This short report, carried under a four-column, page one headline, states that the Cuban delegation in Canada is purchasing one thousand head of pure-bred cattle, some agricultural machinery, other machinery and automobile parts.

It continues:

> "Members of the Mission are interviewing Canadian exporters and producers, in accordance with the purchase programme in Canada, in which it is expected that 150 million pesos will be invested in 1961. For this plan, the Canadian Government conceded to Cuba all the necessary facilities, and the only difficulty in its fulfilment lies in the shortage of ships to transport the goods.—

That phrase "conceded all the necessary facilities" could be taken to mean that Canada had given credits or loans to cover the purchases. We assume the sentence was deliberately worded to give that impression, a typical example of the distortion of news continually practiced by *Prensa Latina* and the controlled newspapers.

[ALLAN C. ANDERSON]

2e PARTIE/PART 2

VISITE DU PREMIER MINISTRE AU MEXIQUE, LE 21 AU 24 AVRIL 1960
PRIME MINISTER'S VISIT TO MEXICO APRIL 21-24, 1960

644. DEA/11563-19-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL Ottawa, April 25, 1960

VISIT OF THE PRIME MINISTER TO MEXICO

I attach two memoranda on the separate conversations which the Prime Minister had in Mexico City, on April 22, with President Lopez Mateos and with the Minister of External Relations, Sr. Manuel Tello. These reports were prepared by Mr. Irwin and Mr. Beaulne and were approved by the Prime Minister.

N.A. R[OBERTSON]

[PIÈCE JOINTE 1/ENCLOSURE 1]

Note

Memorandum

CONFIDENTIAL

CONVERSATION BETWEEN THE PRIME MINISTER AND THE MEXICAN FOREIGN MINISTER, IN MEXICO, ON APRIL 22, 1960

The Prime Minister, accompanied by Mr. Irwin and members of the official party, paid a courtesy call on the Foreign Minister, Sr. Manuel Tello, at the Ministry of External Relations. The conversation lasted half an hour and touched on two main subjects, the Law of the Sea and the Organization of American States.

Sr. Tello raised the question of the difference of approach between Canada and Mexico to the conclusion of an international agreement on territorial waters. Although the Mexican Government was in favour of a twelve-mile fishing zone and the phasing-out period suggested in the joint proposal submitted by Canada and the United States, it could not see its way clear to reducing the nine-mile limit for territorial waters which had been established by treaty with the United States and recognized by a number of countries. Under domestic and international law, Mexico found itself in a special position and could not envisage the possibility of supporting the Canadian-United States proposal.

The Prime Minister pointed out that if agreement was not reached at the current session in Geneva, there would be little hope of arriving at a general solution for generations to come. Canada had given up many aspects of her original plan in the hope of facilitating such a solution. Through mutual concessions, Canada and the United States had evolved a

compromise arrangement which appeared to be acceptable to a majority of the nations involved. He expressed the hope that Mexico could perhaps join with her North American neighbours in this common cause.

Sr. Tello insisted that the need for preserving her historical rights prevented Mexico from making any concession on the nine-mile limit for territorial waters. This was, he said, the gist of his reply to a letter he had recently received from Mr. Herter. However, the Mexican Government was exploring the possibility of some alternative plan, and would submit an amendment to the effect that a state would have the right to extend the width of its territorial waters beyond six miles and up to twelve miles.

Sr. Tello went on to say that the application of Canada for admission to the Latin-American Institute of Geography and History had been warmly received. The seat of this institute is in Mexico City and the Mexicans would be happy to cooperate more closely in this field with Canadian specialists.

The Prime Minister referred to the forthcoming Inter-American Conference and to the new provision adopted by the Planning Commission which would allow American states not members of the O.A.S. to participate with the status of observers. He noted that this provision obviously applied to Canada. Sr. Tello remarked that if Canada were represented by an observer, this would be considered as a most welcome development by Mexico and by all other member states. To a further question of the Prime Minister on what responsibilities were involved in this observer status, Sr. Tello replied that the Planning Commission had not gone so far as to attempt a definition.

The Prime Minister then asked what would be the advantages to O.A.S. of Canada's membership. Sr. Tello observed that as a member of the American Community, Canada could not dissociate itself from its neighbours; in the economic field the O.A.S. would benefit from Canada's wisdom, experience and high degree of achievement; politically, Canada would provide a new element of stabilization. The Prime Minister recalled that Canada had eleven diplomatic posts in Latin America, which represented more than one-fifth of its foreign missions, and that this fact alone was evidence of the interest of Canada in this part of the world. The Secretary of State for External Affairs would leave in a few weeks for a visit to a number of South American capitals. Mr. Green had often spoken in favour of Canada's participation in the O.A.S. when he was in opposition and had indicated in March that the question was under consideration. The question was now under more active consideration in Ottawa than it ever had been.

The Prime Minister then asked Sr. Tello for his view on the suggestion made recently by the Assistant Secretary of State for Inter-American Affairs, Mr. Rubottom, that an Inter-American Defence force should be set up with the participation of Latin American countries. Sr. Tello replied that Mexico was against the establishment of a common military organization, which would be unnecessary and uselessly expensive. He added that the Mexican defence expenditures at present were less than one per cent of the total budget.

The Prime Minister wondered whether Canada's admission to the O.A.S. would not be a source of embarrassment to Mexico, in view of the joint defence arrangements between Canada and the United States. Sr. Tello replied that Mexico was represented on the Latin American Defence Board, and that Canada's representation on that Board would not entail additional commitments. He repeated that Mexico was against regional defence pacts and the constitution of joint military forces.

The Prime Minister said that he had been impressed by the appearance and efficiency of the Armed Forces detachments who took part in the welcoming ceremony at the airport, and noted that the cordiality and warmth of the reception he had received were far beyond anything he

could have expected. He expressed the hope that President Lopez Mateos could pay a second visit to Canada,[46] this time to open the Calgary Stampede.

YVON BEAULNE

[PIÈCE JOINTE 2/ENCLOSURE 2]

Note

Memorandum

CONFIDENTIAL [Ottawa], April 22, 1960

MEMORANDUM ON CONVERSATION BETWEEN PRIME MINISTER DIEFENBAKER AND PRESIDENT LOPEZ MATEOS AT THE NATIONAL PALACE, MEXICO, D.F., APRIL 22, 1960

The Prime Minister was received by the President in the latter's private office adjacent to the Cabinet room in the National Palace, at 1:00 P.M., April 22, 1960. Those present were the Prime Minister, the President, Mr. Tello, the Minister of External Relations, Mr. Rafael de la Colina, Ambassador to Mexico in Canada and myself. During conversation which lasted 35 minutes the following subjects were raised.

Law of the Sea

The Prime Minister referred to his conversation with Mr. Tello on the Law of the Sea which had taken place earlier that morning, and asked if there had been any new developments since the previous talk. Mr. Tello replied that earlier that day the Mexican Ambassador in Washington had advised him that the U.S. State Department had asked if Mexico had any concrete proposals to make in amendment to the U.S.-Canadian formula. In response the Minister had that morning handed to Mr. Hill, the U.S. Ambassador in Mexico, a draft amendment, which reads as follows:

"Notwithstanding what has been stated in the previous paragraph a state will have the right to determine a greater width of its territorial sea provided that it does not exceed twelve sea miles and that its width is stipulated in an international treaty or convention in force to which it is a party."

The President stressed that the Mexican claim to a nine-mile territorial sea was based on treaty rights going back to 1848 and that under the constitution provisions incorporated in such treaties became part of the constitution itself. Neither the Government nor the people of Mexico could violate provisions so incorporated in the constitution.

Mr. Tello then said that if the amendment were added to the Canadian-U.S. formula, Mexico would support it, but if the amendment were not accepted, Mexico would be in the position of having to do its utmost to defeat the U.S.-Canada proposal.

The Prime Minister said that he appreciated the reasons for Mexico's position and particularly the constitutional aspects of the matter. He did not, however, express any opinion as to what the Canadian attitude toward the proposed amendment would be.

Purchase of Steel Rails from DOSCO by the Mexican State Railways

The Prime Minister then referred to the negotiations which have been going on between the Mexican State Railways and *DOSCO* for the purchase of steel rails. He noted that the

[46] Le président Lopez Mateos avait déjà visité Ottawa le 15 au 16 octobre 1959.
President Lopez Mateos had previously visited Ottawa on October 15-16, 1959.

Canadian Government had authorized credit terms over a period of seven years. Canada was not in the position to match terms which might be extended by a country such as the United States. Nevertheless, he felt that having regard to all the conditions the terms being offered by Canada were reasonable. Successful consummation of this transaction, in his view, would do much more than anything else at the present time to strengthen the commercial relations between Canada and Mexico.

The President said that he agreed in principle to the establishment of a line of credit to be exercised for the purchase of rails over a period of years, the number of which he did not specify. Mr. Tello intervened with the explanation that in Mexican terminology, establishment of a line of credit for a purchase of a particular commodity over a period of years meant that the buyer could utilize the credit in accordance with his developing needs from time to time.

The President then added that in accepting an obligation of this kind, Mexico would have to be certain of its capacity to pay within a period stipulated by the contract, and a study was now in progress concerning this aspect of the matter.

When the Prime Minister asked if the President could give any indication of how long this study might take, the President replied that it should be concluded within a matter of days.

A figure of 12½ million dollars was mentioned but it was not clear whether this would apply to one year's purchases or to the whole period of a possible contract.

The PEMEX Polymer Agreement

The President said he was very pleased to learn of the successful conclusion of the negotiations for an agreement between PEMEX, Mexican State Oil Monopoly, and the Polymer Company, whereby the latter would furnish technical direction for the construction and operation of a synthetic-rubber plant by the former.

The Prime Minister replied that he too was very pleased than an agreement had been reached.

The President said he understood that this transaction was the first considerable direct technical aid project which Canada had offered to a Latin American country. He said he would be glad to see an announcement made of the agreement and implied that this might be done during the Prime Minister's visit.

In response the Prime Minister said that he would like to get in touch with Ottawa before an announcement was made, after which a simultaneous announcement might be made in the two Capitals. He remarked that the transaction had certain political implications in Canada which might require consideration.

At this, the President laughed and said that certain political overtones in Mexico were also involved.

The President then went on to say that the Mexican economy was developing very rapidly and that new opportunities for transactions of this kind were opening up from day to day. He hoped that similar arrangements would be possible in other fields.

The Prime Minister replied that he was very interested to learn that the President was thinking along these lines and that he would be happy to consider any specific proposals that might be put forward.

Regulation of Foreign Investment

The Prime Minister then noted that Canada and Mexico were confronted with a similar problem in respect to the financing of their respective economic development programmes. Like Mexico, Canada still did not generate sufficient internal savings to finance its development programme. This meant that foreign capital had to participate in such development and this in turn raised the question as to the terms which should govern such participation. He then

noted that his Government had established regulations for the control of companies established to conduct exploration for oil. Such a company had to have a Canadian charter and Canadian share participation to the extent of at least 50%. Furthermore, shares in any such company would have to be offered for sale on Canadian stock exchanges. It was intended to extend similar provisions to companies operating in the mining field. The Prime Minister added that these regulations would not be fool-proof and that lawyers would no doubt strive to find loopholes in them. Nevertheless, he felt they were a step in the right direction.

The President said he felt that Mexico had achieved considerable success in resolving the problem of control of large units operating in this or that economic field, but admitted that the problem of how to deal with outside investment in smaller units had not been resolved.

The Role of Latin America in the Field of International Law

The President then enquired as to what subjects the Prime Minister intended to deal with in his address to the Colegio de Abogados that afternoon.

The Prime Minister replied that among other subjects he intended to deal with the role of International Law in the current world situation. This lead to a discussion of the differences in the philosophic approach of the Latin American legal profession and that of the Common Law countries to the fundamental problem of adjusting legal concepts to the needs of a world in a state of unprecedented rapid transition. The Prime Minister felt that in many instances the Latin American lawyer had a wider and better understanding of the philosophic bases of varying legal systems than his counterpart trained in the Common Law.

On this note the conversation ended.

W.A. IRWIN

645. DEA/12426-40

Note du premier ministre
pour le secrétaire d'État aux Affaires extérieures

Memorandum from Prime Minister
to Secretary of State for External Affairs

En Route Ottawa, April 24, 1960

ORGANIZATION OF AMERICAN STATES

I did not have any discussions on this matter with the President. However, there are certain circumstances that should be taken into consideration.

(1) Population according to the United Nations and reject [sic] of the countries south of the Rio Grande. In forty years there will be 592,000,000 people as compared with 312,000,000 north of the Rio Grande. Mexico's population is increasing at the rate of 1,000,000 a year, and Brazil in fifteen years will have 100,000,000 population.

(2) South of the Rio Grande today the total amount of trade amounts to between $9 and $10 billion, or one-tenth of the world's trade.

While trade in those areas has been expanding, Canada has been losing ground. The OAS symbolizes to the Latin nations a new world and emphasizes the need of American solidarity. The only interpreter to the Commonwealth of this new realignment in power in the Western Hemisphere is Canada being associated with the OAS. To a greater or lesser extent Canadians seldom look beyond the United States. They act as though their vision was limited by the United States.

J.G. D[IEFENBAKER]

646. DEA/12426-40

Note du premier ministre
pour le secrétaire d'État aux Affaires extérieures

Memorandum from Prime Minister
to Secretary of State for External Affairs

En Route Ottawa, April 24, 1960

I am more and more convinced that the political future of the Americas will depend on the OAS. We are losing ground. In the Department of External Affairs the Latin-American nations are a sub-section of the American Division. They have only one First Secretary and a junior assistant. The total operating cost of membership would be about $1,000,000 a year. Of course there are other expenses, but if we associated ourselves we would also have to participate in all of the Organization's activities. If this question is viewed from the commercial angle alone I think it would be worthwhile to reappraise the whole problem.

My reception in Mexico, not only from the Mexican Government but from the Ambassadors of South American states convinces me that the advantages outweigh the disadvantages which some departmental officials regard as convincing evidence to the contrary.

J.G. D[IEFENBAKER]

647. DEA/11563-19-40

L'ambassadeur au Mexique
au secrétaire d'État aux Affaires extérieures

Ambassador in Mexico
to Secretary of State for External Affairs

DESPATCH NO. 259 Mexico, May 7, 1960

CONFIDENTIAL

Reference: Our Tels 95,† 96† and 97† of April 22, 23 and 25 respectively.

PRIME MINISTER'S VISIT TO MEXICO, APRIL 21-24, 1960

Whatever the criterion used as a basis of evaluation, there is no doubt but that the visit of Prime Minister and Mrs. Diefenbaker to Mexico of April 21-24, 1960 goes down on the record as having been a thoroughgoing success. Mexican official opinion expressed both publicly and privately, press and radio reaction, comments of foreign diplomats stationed here, the reaction of the English-speaking colony, and the opinions of non-official Mexicans of many walks of life, all support this conclusion. The Prime Minister himself in personal correspondence has described the visit as an unqualified success, and the phrase might well be used to sum up the Mexican reaction to an event whose impact can only be described as having been exceptional both in breadth and depth. Certainly in Mexico this first visit of a Canadian head of government to any Latin American country will not soon be forgotten.

The Programme

2. Since our telegrams under reference have already provided you with a running account of the progress of the visit I do not propose to go over this ground again in detail. Attached as *Appendix A*† are copies of the Mexican official programme, copies of the programmes prepared for the Prime Minister and Mrs. Diefenbaker and of the operational programme prepared for the use of the official party and officers of the Embassy; copies of the Prime

Minister's speech notes; copies of the menus and programmes of the several entertainment events, and the guest list for the reception. The programme was adhered to throughout and carried through without hitch.

3. *The Arrival Ceremony*. From the outset it was evident that the Mexicans were intent on making their welcome to the Prime Minister both as friendly and as impressive as possible. On arrival at the airport he was received with the military honours usually accorded to a head of state including the 21-gun salute. This ceremony was perhaps the most spectacular event of the visit.

4. Precisely on the dot of the scheduled hour of arrival on the 21st, the Prime Minister's Viscount flying the Canadian ensign rolled up to the edge of the airport apron, closing the open side of a very large rectangular reception area bounded on one flank by the dark blue rank of the Presidential band and the cadet corps of the Mexican military academy, on the other by a three-tiered stand erected for the press, and across the end by a file of Commonwealth representatives, Canadian Embassy officers and their wives, headed by the Dean of the Diplomatic Corps. At the center of the area stood President Lopez Mateos and his wife supported by all the members of the Mexican Cabinet and their wives and a number of other officials. Beyond the plane in the open airfield was ranged the battery of saluting field pieces and on the city side of the apron a great U-shaped cordon of troops restrained the crowd which was massed in front of, through and beyond, and on the upper levels of the terminal buildings.

5. Following the initial exchanges of greetings and the playing of the national anthems, the President welcomed his guests with obvious cordiality and sincerity and the Prime Minister replied with equal warmth, supplementing his statement in English with a few words in Spanish. Then followed inspection of the Guard of Honour, the presentation of dignitaries and officers, whereupon the President and the Prime Minister led a motor cavalcade to the Residence some twelve miles distant, the initial mile of the route being lined with troops of the Presidential guard standing rigidly at the present. The President and his party took leave of the Prime Minister outside the Residence. Inside the gates, children of the Canadian Institute of Mexico, a primary school founded by a Canadian, were waiting to present large bouquets of red and white gladioli to the Prime Minister and Mrs. Diefenbaker — a human touch which seemed a fitting crown to the pomp and solemnity of the preceding ceremonies.

6. *Programme Highlights*. As the programme proceeded, one could sense the growing feeling of cordiality and even sense of intimacy between hosts and guests. The conversations with the President and with Foreign Minister Tello on Friday morning were both most frank and friendly. You already have the texts of our memoranda on these talks, but for the record additional copies are enclosed as *Appendix B*.†

7. At the University the authorities had made a magnificent display of the Canadian books to be presented by the Prime Minister and had even gone to the length of erecting signs on all streets leading to the University marking the route to "The Canadian Book Exhibition." The presentation ceremony was simple but impressive. Dr. Carillo, Director, was most eloquent in his eulogy of the Prime Minister's penetrating definition of the role of the university in contemporary society.

8. One guesses, however, that for the Prime Minister himself one of the most moving events was his reception by the Illustre y Nacional Colegio de Abogados and the Barra Mexicana and the presentation to him by the first named organization of the first honorary membership granted to a non-Mexican during its 200 years of existence. The Colegio headquarters is located in a narrow street near the great square called the Zocalo, which is the heart of old Mexico, and the ceremony took place in the rather dimly-lit and musty Council chamber of the Colegio which one reaches through a narrow hallway and up a twisting iron staircase. The

audience of not more than 100, many of them gowned, sat on ancient plush-covered seats under the eyes of the sombre portraits of distinguished jurists of by-gone days. The Prime Minister was obviously deeply touched by the honour which was being paid to him; and the presentation address by the Colegio's President, the Prime Minister's address in reply on the role of law in society and the overwhelming need for the acceptance of legal principles by the international community, together with an atmosphere redolent of tradition and an awareness of the permanence of things permanent, built an occasion which those present will not soon forget.

9. In a sense, the President's dinner to the Prime Minister that evening at Los Pinos, the President's official residence, with its glittering display, the presence of the entire Cabinet and many other senior Mexican officials (the guest list numbered 78) and the munificence of a full-dress symphony concert in a private residence — I have never heard the Leonora Overture No. 3 played with more fire and brilliance — offered a sharp contrast to the event of the afternoon; nevertheless, here again one sensed in the speeches by the President and the Prime Minister the growing friendliness and sympathetic understanding which became the dominant notes of the visit.

10. This sense of closeness perhaps reached its climax during the luncheon which the Prime Minister offered to the President at the Residence on the Saturday. Both host and guest threw away their prepared speeches and spoke extemporaneously in simple and direct terms of the respect and liking each had for the other, and of the values and objectives held in common by the two peoples they represented.

11. I remember coming into the drawing room following the presentation of gifts after the luncheon and being suddenly conscious of the fact that all evidences of formality usual to such occasions seemed to have disappeared and that I might have been walking in on a family party.

12. One might mention also the colourful excitement of the Charreada, a Mexican rodeo, which was offered by a famous Mexican club on the Saturday morning; the visit to the National Museum and the Cathedral and the final buffet reception on Saturday evening at the Del Prado hotel which constituted our return of the official Mexican entertainment and was attended by some 500 guests, drawn from Mexican officialdom, the diplomatic corps, the Canadian colony and the commercial, financial, industrial, cultural and ecclesiastical communities of the city.

13. No outline of the programme would be complete without emphasis on the manner in which Mrs. Lopez Mateos went far beyond the demands of duty to make Mrs. Diefenbaker feel that she was not only an honoured and welcome guest, but a friend among friends. On the Friday morning, Mrs. Mateos, accompanied by her daughter, by Mrs. Tello, the wife of the Foreign Minister, and Mrs. Mariscal, the wife of the Chief of Protocol, escorted Mrs. Diefenbaker on a drive through the city and at the University ceremonies. Again on the Saturday morning, the President's wife was Mrs. Diefenbaker's guide on the visits to the museum and to the cathedral, and her enthusiastic co-spectator at the Charreada. It was quite evident that wherever possible the Lopez family wished to be represented even though for protocular or other reasons the President himself could not be present.

14. *Speeches*. You already have the tape recordings of all speeches made by the Prime Minister excepting his arrival statement at the airport. As I have already indicated, he departed from his text to some extent on several occasions, but for the record we have included the draft notes for all his speeches in Appendix A.

Press, Radio and Television Coverage

15. Press, radio and television coverage of the visit can only be described as extraordinarily voluminous. The press conference was attended by some fifty reporters and photographers and

you already have the tape recording of what was said. Attached as *Appendix C*† are the clippings which have come to hand to date. They number 336, and include individual clippings running to ten newspaper columns or more, and magazine clippings of up to six pages. Rarely in my experience have I seen such a voluminous coverage of this kind of event.

16. The pre-visit publicity ran to about 60 items, for the most part concentrated in the four weeks immediately preceding the event. Coverage in the metropolitan press in Mexico City was nothing less than spectacular, and I was particularly pleased to see we had broken in to the provincial press in volume, although our clippings from this sector are still far from complete.

17. So far as we have been able to ascertain, radio coverage of the event over Mexico City stations ran to some thirteen hours of news and comment. We have no data on radio coverage outside the City. The three local television stations devoted approximately one and a half hours to the visit, mostly in news sequences, although one station televised "The Canadian," one of our NFB films on April 22. We have no specific data on telecasting outside Mexico City, although we understand there was coverage here also.

18. *Editorial Comment.* Editorial comment characterized the visit as a significant event in the history of the relations between Canada and Mexico and was uniformly friendly in tone.

El Universal, one of the three most important newspapers in Mexico City, under the heading of "A Friend Arrives" said in part:

> "An era of greater understanding, of more healthy and satisfactory relations has begun, in an atmosphere of warm cordiality, between Canada and Mexico …
>
> "It is obvious that our country … hopes that fruitful results will be obtained as soon as possible, that there will be numerous commercial interchanges, with a strong flow of tourists both ways, with reciprocal visits of representatives of the two cultures … in other words, of all the possibilities that lead to the deep desire of everyone in America to live together, with the same intensity, within the common home of our hemisphere, with no other boundary but that of the Patagonia of Argentina to the south and the North Pole to the north where the vast and fruitful territory of Canada lies."

19. To which *Ultimas Noticias* of Mexico City added:

> "Our great friend of the north is one of the most important agricultural and industrial centers of our contemporary world. Its progress constitutes a specific point of reference for any country aspiring to greatness through the hard conquest of culture and civilization …
>
> "Our relations with Canada have improved continuously in the field of culture and commercial relations … Our experience to date and the perspectives open to all possibilities of a greater co-operation seem to indicate that we are just at the beginning of a great task."

20. Said *El Nacional* of Mexico City:

> "This visit creates intangible bonds between Mexico and Canada, which are to bring stronger commercial, political and cultural ties, gained directly from a rich collection of spiritual values. Once more the firmness and unity of the American Continent are made evident, a solid wall that will rebuff the attacks of adverse forces that decry and destroy our faith in human destinies."

21. Translations of a number of the principal editorials are enclosed as *Appendix D.*†

Comment

22. There is no doubt, in my view, but that the visit marked a significant milestone in the history of Canadian-Mexico relations, possibly of Canadian-Latin relations.

23. A cynic might cavil that it produced no immediate concrete results; that no treaties were signed, no new trade arrangements arrived at for the disposal of Canadian goods. Nevertheless,

it is abundantly clear that the exercise achieved its primary purpose, that of strengthening the friendly relations between Canada and Mexico at the highest levels and of stimulating the awareness of, and interest in Canada among Mexicans of all classes. A new and broad foundation has now been laid for the implementation of whatever constructive policies we may seek to adopt in respect of our relations with our friends immediately to the south of the Rio Grande.

24. Furthermore, one guesses that the event may have increased awareness of Mexico among Canadians, which if true, in my opinion, is a gain. And if I may be permitted the observation, with all respect I would suggest there is real virtue in a Canadian head of government having exposed himself and his advisors to the realities, the attitudes and the aspirations of a key outpost of that Latin American world which so far as direct personal contact is concerned, has been for so long a kind of unknown no-man's land to so many molders of policy and opinion in Canada.

25. If one were to ask why the visit achieved the impact that it did achieve, I would suggest that the answer is relatively simple.

26. In the first place, I believe the response was the result of a genuine and wide-spread desire among Mexicans for closer relations with their northern-most neighbour in North America.

27. Secondly, in the Prime Minister and Mrs. Diefenbaker they not only saw the symbol of this neighbour, but two human beings whom they found likable and admirable. They not only liked what they saw but they were emotionally and intellectually moved by what they heard. To the Mexicans their visitors were *muy simpatico*, a description which in Spanish implies a great deal more than its English equivalent.

28. I really think that it is as simple as that. Mexicans like and admire Canada and they like Canadians; and in Canada they see a country and a people with which they would like to be more closely allied.

29. In closing I wish to pay tribute to all members of the staff of the Embassy whose devoted efforts made the organization and the carrying through of the visit possible; to underline the unstinting collaboration of our colleagues on the Trade and Commerce side of the shop; and to thank those members of the Department in Ottawa whose understanding cooperation made it possible for us to overcome what otherwise might have been serious deficiencies in our preparations.

W.A. IRWIN

3e PARTIE/PART 3

LE SECRÉTAIRE D'ÉTAT AUX AFFAIRES EXTÉRIEURES FAIT UNE TOURNÉE EN AMÉRIQUE LATINE, DU 20 AU 29 MAI 1960
TOUR OF LATIN AMERICA BY SECRETARY OF STATE FOR EXTERNAL AFFAIRS, MAY 20-29, 1960

648. DEA/5398-40

L'ambassadeur en Argentine
au sous-secrétaire d'État aux Affaires extérieures

Ambassador in Argentina
to Under-Secretary of State for External Affairs

LETTER NO. 41 Buenos Aires, February 1, 1960

RESTRICTED

Reference: Our Letter No. 23 of January 25, 1960.†

ANNIVERSARY CELEBRATIONS OF MAY REVOLUTION

I had lunch last week with Ambassador Scilingo. I have referred to this gentleman before as the 'Foreign Minister' in the shadow cabinet which President Frondizi maintains at the Case Rosada. Scilingo is a very influential man in the Argentine, an old personal friend of the President's and in my opinion, very competent. During the lunch, Scilingo referred to the visit of President Mateos of Mexico to the Argentine and said that from all points of view it had been a complete success. His actual words were: "Mateos has helped Latin Americans to rediscover Latin America." It is the first time that a Mexican President has visited Argentina and he brought to the government here a realization of the size of the Spanish-American community and the influence that it is bound to exert on world affairs as its numbers and strength increase. Projecting current population growths, Mateos reminded Argentina that in another twenty years this would be the third most populous continent. If its economic growth could match its population growth, it would truly be a force to reckon with. With only flimsy language barriers and largely the same historical background and cultures, economic union of the Latin Americas should be simple as compared with the problems facing such unions, say, in Europe.

2. Scilingo expressed the wish that relations between Canada and Argentina could be closer. He said he agreed with Alsogaray that Canada, more than any other nation in the world, could point the way for Argentina. A similarity in population and problems made Canada's solutions generally more applicable to Argentine conditions than the solutions adopted by more populous countries. In 1938 the Canadian and Argentine economies were roughly at the same level. Today Canada is far ahead and Argentines therefore have a particular interest in the policies we have followed to achieve this result.

3. He suggested that a state visit by a senior member of the Canadian government would be a good first step to closer relations between the two countries. I asked him if he thought a visit by such a representative during the ceremonies for the anniversary celebrations in May would serve. He replied in the negative and for exactly the same reasons as outlined in my letter under reference. He said that Argentina would welcome any Canadian that might be nominated on that occasion but that it was not a good opportunity for useful discussion nor to establish the intimate connections which they wished.

4. There are a number of issues which might be discussed during a visit of the type envisaged by Scilingo and which would be of mutual advantage to both countries. For example, traffic rights for Canadian Pacific Airlines in this part of the world present a problem which could probably be resolved more expeditiously at the time of a Ministerial visit than at any other. The Swiss have been battling this issue for over a year now with no evidence of progress. I am sure that if this question were to be raised by our Minister of External Affairs in a State visit to Argentina, we would make our point without difficulty if only because it would provide some tangible evidence that the visit had been fruitful. I would be happy to prepare a list of items for possible discussion at such a meeting if you will indicate that it would be possible for the Minister to accept an invitation to come to the Argentine sometime later in the year, say in July.

5. Scilingo did NOT ask me officially to get your reaction. He made it quite plain, however, that the Argentine government would welcome a visit from our Minister. I believe it would be a helpful gesture. If you are of the same opinion, I can easily discuss the matter again with Scilingo and get his ideas on timing, length of visit, itinerary, etc. I look forward to your comments.

[RICHARD P. BOWER]

649. DEA/4035-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

RESTRICTED [Ottawa], April 5, 1960

CANADIAN POLICIES TOWARDS LATIN AMERICA

We have just received an interesting despatch from Mr. Bower, our Ambassador in Argentina, on U.S. and Canadian policies towards Latin America. I think you will be interested in the attached excerpts.

N.A. R[OBERTSON]

[PIÈCE JOINTE/ENCLOSURE]

Extrait d'une lettre de l'ambassadeur en Argentine

Extract of Letter from Ambassador in Argentina

. . .

EXTRACT FROM LETTER NO. 154 OF MARCH 24, 1960, FROM BUENOS AIRES

5. We have a somewhat better reputation throughout the area than the United States but have done little to deserve it. We owe our preferred position more to our inconsequential size (economically speaking) than to enlightened behaviour. Canadian Latin American policy in the past decade has amounted to little more than the negative one of keeping out of the O.A.S.

6. If the Latin American countries feel they have been neglected by the United States which has had a policy of sorts for the area, it would not be surprising if they had sharper feelings about the treatment meted out by Canada. It is true that Canada does not have the resources to do many of the things which Latin Americans expect from the States but in the eyes of every

Latin American Canada is a land favoured above most, and undoubtedly there is resentment at our "aloofness" from the area and its problems, — not only as evidenced by our failure to join the O.A.S. but in other respects as well.

7. Up until the present, Latin America has "enjoyed" the lowest priority in Canadian international preoccupations. The claim that we maintain eleven diplomatic missions (22% of our total) in the area is not in itself convincing evidence of our interest. What matters is what these missions do. The decision to give Latin America lowest priority at this time is probably right (although the time is coming when it will command a higher priority). What is wrong is that our lowest priority is too low. It may have been appropriate twenty years ago, but it is inadequate to the conditions of today. Even though the area may continue to merit our lowest priority for some years to come, the level of our effort must be stepped up, — the disparity between our lowest priority and our higher ones must be narrowed.

8. I am not prepared to say that Canada should be a member of the O.A.S. at this time (although I believe that ultimately we will join). Member or not, some effort in the area is needed if we wish to avoid the same charge that is levelled at the United States, that we are aloof, and unconcerned about the region's problems and aspirations. How does Canadian performance stack up? Our import policy has probably been more enlightened, and this record must be maintained. Any interference with imports of oil into Canada, for example, would produce a protest from Venezuela that would be heard all the way to Tierra del Fuego.

9. We have certainly done far less than the United States, on a per capita basis or any other basis, to help the countries of Latin America raise the living standards of their peoples. In reporting on the O.A.S. Economic Conference held in Buenos Aires in 1957, I suggested that, if we were not to be members of the O.A.S., we should demonstrate our interest in the area by devoting every year to some Latin American project a sum of money at least equal to what we save by not being in the organization. Up to now our contributions have been virtually nil: — something which has not gone unnoticed throughout the region. Some years ago, the then Venezuelan government asked if arrangements could be made for certain air force personnel to receive their jet training in Canada, — perhaps as part of the NATO air training scheme, and offered to pay all charges. The request was refused. Objections were raised by National Defence, and doubtless there were good reasons for their stand. Nevertheless, to the Venezuelans this response served to underline our aloofness. In my view, requests of this nature should be dealt with on a broader basis than that of the problems they create for any one department, e.g. National Defence. The question should be asked, "Is the granting of this request in the overall Canadian interest? — and if so, an attempt should be made to meet it. Some overriding agency should be set up to judge the issue.

10. There are countless avenues open to us, many of which could be exploited on a very limited budget. For example, Argentina is in dire need of improved communications, — virtually every branch is in so backward a state as to represent a real impediment to economic recovery. Letters posted in Rosario (about a four hour motor drive from Buenos Aires) take a week to reach their destination in the Federal Capital. A long distance telephone call of a telegram from the interior frequently takes longer than would be needed to cover the distance by car. The time taken to import (or export) a parcel through Customs averages three weeks. An offer to work out a modernisation scheme for the Post Office would almost certainly be welcomed here — could be carried out at little expense and would contribute to Argentine recovery and development. We have already been asked for help in training national parks wardens. A study of forest industry prospects would be particularly appropriate for us, and welcomed here. A number of private groups have already expressed a desire to attract Canadian capital and know-how into this field. There are innumerable other openings where

we could help with benefit to Argentina, and to our relations here, and with manageable cost to ourselves.

11. When investing abroad, Canadian firms all too often do the same things we complain about when United States firms invest in Canada. If we have not incurred the same odium in Latin America as the United States for this behaviour, it is not because we are better, — or more popular — but because with rare exceptions we are not large enough to be noticed. Like the United States, we should adopt fiscal policies that would encourage Canadian companies doing business abroad to so set up their foreign operations that citizens in the host countries can buy equities in the subsidiaries.

12. The renewed United States interest in Latin America is to be welcomed. Anti-Americanism on this continent is bad for Canada. Cuba provides an illustration of the problems Anti-Americanism can create in our hemisphere. It is evident how much more serious it would be if countries possessing the economic potential of Argentina, or Brazil were to follow Cuba's example. The surest way to prevent this is to help the United States achieve their objectives here — not only by a stepped up aid programme of our own, but by endeavouring to influence United States policies along the lines we believe to be correct. No matter how exemplary our behaviour may be, it can have only an evanescent effect on the final outcome, because we are so small. However, through our influence on United States policies we could make an effective impact. To be in a position to do this and to suggest lines of endeavour, we must have a policy of our own. We must be prepared to enter into cooperative arrangements with like-minded countries, and we must be prepared to make a financial contribution, which while it need not be large, must be better than anything we have done in the past.

650. DEA/11253-J-40

L'ambassadeur au Brésil
au secrétaire d'État aux Affaires extérieures

Ambassador in Brazil
to Secretary of State for External Affairs

LETTER NO. 268 Rio de Janeiro, May 11, 1960

CONFIDENTIAL

Reference: Your telegram X-128 of May 5, 1960†

MINISTER'S VISIT

Enclosed are memoranda entitled:

(I) Brazil: Political†

(II) Brazil: Economic†

(III) Brazil in Inter-American Affairs†

(IV) Improving ties between Canada and Latin America

2. Our object has been to prepare succinct statements which the Minister will have time to read. If these papers do not fit in with the briefing you have prepared, they may still be of interest to Washington and our posts in Latin America as they provide a review of the situation here, as opposed to the usual day-to-day reports.

. . .

JEAN CHAPDELAINE

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

CONFIDENTIAL

IV. IMPROVING TIES WITH LATIN AMERICA

The question arises of whether there is a need for Canada to improve its ties with Latin America; if so, what are the most effective means to achieve that end; and in this connection, whether we should consider sending observers to the meetings of the OAS and to the Committee of the Twenty-One established to further the OPA.

2. Improving ties, particularly with friendly neighbourly countries, is a desirable thing in itself. Canada maintains 11 diplomatic missions in Latin America out of the total of 58 which it maintains abroad. We have an important trading relationship with many of these countries. And there is an important Canadian private investment in some of them. In Brazil, it is nearly $1 billion: Brazilian Traction, Aluminium Limited, Massey-Ferguson, etc. Brazilian Traction is the largest single Canadian-controlled investment anywhere in the world.

3. We enjoy a close relationship, not only bilaterally but in international organizations, with most of these countries: at the U.N., in GATT, and in specifically hemispheric organizations: the Regional Commission of WHO, the ECLA to which we send an observer, and the Pan-American Institute of History and Geography.

4. The question which is being pressed of our joining the master organization would seem to assume that this is not enough. It has been argued very persuasively by Dr. Lafer, when he was in Ottawa,[47] on the grounds that Canada belongs in the OAS and in the OPA as a matter of course because Canada is a nation of the hemisphere. The important argument is added that Canada not only should become a member as a matter of geography, but that it cannot afford, as a matter of economics, to stay out of the community, and of a market, which is large and fast expanding.

5. It may be that this political and economic logic will have its way in the course of time. It is difficult, however, to see the arguments which are put forward as truly compelling ones at present.

6. Further, great caution should be exercised in sending observers, unless there is almost agreement in principle to join the Organization as full members in the near future. Sending observers is obviously an important step in the direction of full membership; and the momentum would increase, the pressures from abroad would grow for us to go the whole way once we had taken this first step.

7. Let us review the arguments put forward in favour of closer association. The more important, and the one to which we would be, understandably, the most sensitive, is the economic argument, that our trade would be fostered.

8. There is no doubt that our trade in this area has suffered reverses in recent times. The principal reason is that the market is changing. Our staples are not desired as before, in part because these countries are doing their best to develop their own production, but even more important because they are short of dollars. The same applies to our manufactures. The U.S. is more successful than we are because of such special arrangements as those which flow from

[47] Lafer a visité Ottawa le 16 au 18 mars 1960.
Lafer visited Ottawa on March 16-18, 1960.

P.L. 480 or form Export-Import Bank loans. It is unlikely that we would wish to follow in the U.S. footsteps there.

9. Because they are actively engaged in development, the imports from abroad which these countries, and particularly Brazil, see, most are capital participation, as such or in the form of machinery and know-how, in the establishment of native industries.

10. The countries which are improving their trade with Brazil, Germany and Japan, Poland and Czechoslovakia, do it either through preferred bilateral agreements or through providing machinery, and at times even full plants. They do not belong to the hemisphere organizations, nor would their belonging improve their prospects.

11. Canada is unlikely to engage in bilateral agreements and therefore if Canadian businessmen want to share in the Latin American market, it is for them to decide whether they will invest here. The people who could do so are however quite different ones from those who have been used to trade with this area.

12. It is doubtful that Canada's joining the OAS would affect the calculations that investors would have to make of the risks and benefits of investment in Latin America, nor would Canadian membership be likely to afford them greater protection against the vagaries of governments in these parts. Politics and government policies are but one of the aspects, besides the strictly economic ones, which foreign businessmen, all of them, from the Americas or elsewhere, must weigh before they take the leap. The market is a highly speculative one, and as in all such, the possible rewards are high, but so are the dangers. Economically, Canada's position in these parts will improve or fall on the initiatives taken by Canadian private investors. It remains however that the only way of sustaining, or even expanding, Canadian total exports to this area is to change their kind, from the traditional ones, bought for cash, to machinery, other durables and know-how transferred here for investment purposes.

13. The political aspect can be treated from two points of view. There are first what might be called the purely political, abstract arguments, of geography, of Canada's duty. To these, it is difficult to provide a rejoinder, except in terms as vague as the arguments themselves: our history, our pattern of relationships — the Commonwealth, NATO. In these, we have a sense of belonging. But the Commonwealth and NATO in no way exclude association with the OAS. The question therefore comes down to this: Do we have a sense, an urge, a need to join this community? It is permitted to have doubts.

14. And this is where the second approach comes in. It consists in weighing the tangible advantages and disadvantages of accepting membership. From this point of view, Canada's position vis-à-vis the OAS is, in every respect but that of size, the same as that of the U.S., except for the fact that the U.S. is already in and has no choice as the leader of the free world, and Canada has. If Canada joins, it comes in as a developed country, and therefore as a contributor.

15. This begins with, it has been estimated, $1 million as a share of the OAS budget of some $8 million in 1959-1960, not to mention the provision of staff at the Washington headquarters, for conferences, and at Ottawa to process the material. (Brazil maintains an OAS mission in Washington which consists of an Ambassador, one Minister, three Secretaries, and corresponding clerical staff.)

16. It means participation in the Inter-American Development Bank, which has a capital of $1 billion. As the other developed country, Canada would be expected to contribute handsomely to the capital of this organization. It could however expect that some of the loans would be used to purchase Canadian supplies.

17. But this is only the beginning, if one considers the U.S. Point 4 programmes, in health, in education and in agriculture. Despite U.S. assistance, expansion of educational and agricultural

facilities are not even beginning to keep up with the growth of the population. Those however are two fields where voluntary assistance of humanitarian grounds is most needed.

18. Despite all the help they provide, the U.S. are not particularly loved in Latin America, nor is their influence at all commensurate to the bounty which they provide. It is nevertheless true that their action is necessary and useful, and that it gives heart to these countries in staving off the threat of communism, and would also help in saving them from resorting to fascism if the threat of communism grew.

19. It is doubtful that Canada-U.S. relations would be affected one way or the other by Canada's closer participation in the OAS. We could see that we are not manoeuvered by the Latins into a position of opposition to our closest neighbour. In any case, unlike 20 years ago, we would be likelier to be closer to them than to the others since we are, even more now than we were then, more of a have than a have-not nation. But we would share their headaches, although we could at times help them to save themselves some by our wise counsels. We could provide some quality, but never enough quantity to turn the scales. And headaches there would be.

20. To summarize, a closer participation in the OAS would, from the political point of view, consist in our assuming a greater share of the "white man's" burden, with little direct increase in influence, or return gratitude. Economically, we have argued, the same would apply. A greater part of Canadian substance, public and private, would have to be channelled to this area. Some of the private capital can come in any case, to share in the bounty, without any political action being taken by Canada at all.

21. It was suggested, in 1958, at the meeting of Heads of Missions in Rio, by Mr. Bower I believe, that while we might consider that we could not afford full participation because of the expenditures and headaches over and above basic membership, we might consider setting aside for good works in this area the amount of approximately $1 million, which our basic membership would cost. This approach has its appeal, the more so as it does not tie our hands. We would remain completely free in choosing the fields we cultivated and could therefore, to some extent at least, ensure that our assistance was not smothered in the sands of inefficiency, graft and political manipulation in the countries in receipt of our assistance.

22. This note has not dealt with the obligations under the Rio Treaty for common defence. We are, we regret, badly informed on this. We shall attempt to brief ourselves before the Minister arrives. But whatever the obligations, they would involve more expense, and more Canadian staff. And the obligations reinforce our argument, if anything.

23. It has not dealt either with the question of Latin American disarmament, and of Canadian inducements to achieve it, by helping to co-ordinate training and other arrangements. This is a matter which would require deep study before any recommendations, even very tentative ones, were put forward.

24. Canadian assistance, as contemplated in Para. 21, i.e., independently of the OAS and by primarily Canadian initiative, could be envisaged either through a Canadian foundation, or by a link-up with such as the Rockefeller Foundation, which is very active here in medicine, education and agriculture.

25. It is regrettable that, for obvious reasons, we cannot use the representatives of Canadian churches for our dispensing of assistance. They would be the best medium, the one that would give the recipients most value for the money expended. They are already active here, both the Roman and some of the Protestants. But the latter, who are doing good work, are always looked upon with some suspicion in this theoretically Roman Catholic country. Our link-up with them would create many problems. And we could not use Canadian Roman Catholic

organizations exclusively; they are well accepted here, but the problems would be transferred from Brazil to Canada.[48]

651. DEA/12850-A-11-1-40

L'ambassadeur en Argentine
au sous-secrétaire d'État aux Affaires extérieures

Ambassador in Argentina
to Under-Secretary of State for External Affairs

LETTER NO. 244 Buenos Aires, May 27, 1960
UNCLASSIFIED

MAY CELEBRATIONS — VISIT OF SECRETARY
OF STATE FOR EXTERNAL AFFAIRS

I am attaching a memorandum covering the call which Mr. Green and I made on President Frondizi on May 23rd at 12.00 noon. Mr. Galarce, the chief Argentine aide to the Minister during the May Celebrations, has promised to provide a report on the Minister's meeting with the Foreign Minister, Dr. Taboada and this will be forwarded to Ottawa as soon as received.

RICHARD P. BOWER

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

Arrangements were made for the Minister and myself to call upon President Frondizi, Monday May 23rd at 12:00 noon. The meeting, which was essentially a courtesy one, had of necessity to be short. There were 68 foreign delegations in Buenos Aires for the 150th Anniversary Celebrations and the President undertook to give interviews to the leader of every delegation. I understand he accomplished this. In our own case, the interview was perhaps slightly shorter than it would otherwise have been by reason of the fact that the earthquake in Chile persuaded the Chilean delegation to return to their homeland earlier than planned, and they had unfortunately arranged to say goodbye to the President at the same time we had fixed for our interview. Mr. Green was given precedence over the Chilean delegation but the fact that this delegation was waiting in an ante-room undoubtedly inspired the President to cut the interview with Mr. Green shorter than he otherwise might have done.

The President received Mr. Green and myself very graciously. He appeared well although nervousness was evident in the way he continually fingered a ring on his left hand. In addition to Mr. Green, Wing Commander Bell and myself, there were present a number of military aides as well as two civilians, a member of the President's Secretariat and Mr. Galarce, who had been appointed as chief Argentine aide to the Canadian delegation during the period of the celebrations. Mr. Galarce acted as interpreter. W/C Bell of the Canadian delegation stood with the Argentine military aides, whereas Mr. Green and Mr. Galarce, the Presidential Secretary and I were seated. Mr. Green opened the conversation by thanking the President for the Argentine hospitality he and his delegation were receiving and expressed his delight at what he had seen since arriving and in particular the opening ceremonies of the celebrations which had

[48] Malgré une invitation du Brésil, la tournée du ministre ne comprenait que l'Argentine, le Chili et le Pérou. Despite an invitation from Brazil, the Minister's tour included only Argentina, Chile, and Peru.

taken place on Sunday in the Plaza de Mayo. Mr. Green referred to the impression made upon him by the masses of school children who paraded on that occasion.

President Frondizi said how pleased he was to have Mr. Green attend the celebrations. He said that Argentina had particularly warm feelings for Canada, which was much admired throughout the whole of Latin America. He hoped it would not be too long before Canada would be associated with her fellow states in the Western Hemisphere by becoming a member of the OAS. He also stated that Canada's economic development was deserving of praise and he felt that Argentina would benefit much from a study of our methods and policies. Mr. Green replied that Canada was becoming increasingly convinced of the importance of Latin America and that his visit here was aimed at enhancing his knowledge of this part of the world and in particular of Argentina. The Minister referred to our many similarities and how he felt at home in Argentine surroundings. He also told the President of his intention to visit Chile and Peru.

652. DEA/11253-J-40

L'ambassadeur en Argentine
au sous-secrétaire d'État aux Affaires extérieures

Ambassador in Argentina
to Under-Secretary of State for External Affairs

LETTER NO. 253 Buenos Aires, May 31, 1960
CONFIDENTIAL WITH ATTACHMENT

MINISTER'S VISIT ON THE OCCASION OF THE 150TH ANNIVERSARY OF THE ARGENTINE MAY REVOLUTION

During his stay in Buenos Aires from May 21 to May 26, the Honourable Mr. Green took part in all the festivities organized by the Argentine Government. He was received in private audience on May 23 by President Frondizi and the following day by the Minister of External Relations, Dr. Diogenes Taboada. Our letter No. 244 of May 27 reported on the interview with President Frondizi. A similar one, covering the interview with Dr. Taboada will be prepared as soon as we receive the minutes of the meeting which the Ministry of External Relations has promised.

2. Our Ambassador to Brazil, Mr. Chapdelaine, and our Chargé d'Affaires in Uruguay, Mr. Birkett, were in Buenos Aires during the Minister's visit. Two meetings were arranged, one on Sunday May 22 and the other in the early evening of May 23, attended by the Minister and his party, Mr. Chapdelaine, Mr. Birkett and all the officers of this mission. The minutes of the first meeting are attached. No minutes were taken of the second meeting, which consisted of an exchange of views on a variety of subjects ranging from the failure of the Summit Conference to Canadian policy on the BOMARC.

3. We also arranged for the Minister to meet intimately a number of influential Argentines and members of the Canadian community at a luncheon which I gave at the Plaza Hotel on May 23. Amongst the most prominent Argentines were the former Argentine Ambassador to Canada and Mrs. Aubone Quiroga, and the owner and editor of *La Presse* and Mrs. Gainza Paz. We also had the President and officials of the Argentine-Canadian Cultural Institute, the local representative of Canadian Pacific Airlines, etc. The Minister was able, during his short stay here, to visit one of the two Canada Schools of which the Institute takes special care, as well as a typical Argentine public school in the Boca district of Buenos Aires. On both occasions, Mr. Green was accompanied by Mr. John Marshall, the representative of the *Toronto Telegram*.

4. Mr. Green attended a private dinner at the Brazilian Embassy on May 22, at which Dr. Taboada, the Argentine Foreign Minister and Mr. Lafer the Brazilian Foreign Minister were also present. I understand that Canada and the OAS was discussed on that occasion. On the evening of the 25th, Mr. and Mrs. Green, Mrs. Bower and myself were dinner guests of Mr. Frederick Boland, the leader of the Irish delegation to the Argentine celebrations. Mr. Boland is the Irish representative at the United Nations and a variety of U.N. issues were discussed over dinner. Mr. Green also met privately with P.O. Sauer, the deputy Prime Minister of South Africa and leader of the South African delegation to the celebrations.

[RICHARD P. BOWER]

[PIÈCE JOINTE/ENCLOSURE]

Procès-verbal de la réunion du secrétaire d'État aux Affaires extérieures

Minutes of Meeting of Secretary of State for External Affairs

Buenos Aires, May 22, 1960

The following people were present,

The Honourable H.C. Green,
Mr. R.P. Bower
Mr. E.W.T. Gill
Mr. J.A. Chapdelaine
Mr. R. Campbell
Mr. C.J. Van Tighem
Mr. C.S. Bissett
Mr. C.B. Birkett
Mr. M. Gauvin
Mr. C. Hardy
W/C J.F.M. Bell, D.F.C.
Mr. R.J. Jephson
Mr. D.W. Fulford
Mr. G.E. Blackstock

Mr. Bower welcomed Mr. Green and suggested that the meeting start by discussing Canada's policy with respect to Latin America.

Mr. Green explained that he was more interested in Latin America than the Department seemed to be. He had gone to the U.N. with the idea that Canada was in a good strategic position and he had found that there were many countries which were anxious to enlist our support and consult with us, but that the Latin American countries did not seem very interested. They represent 20 votes in the U.N. and we could and should do a great deal more with respect to them: they had an independent outlook and resented European domination; they were an influential group within the U.N. and made a useful contribution; he believed there was no area in the world where it would be easier for Canada to increase its influence. He said that, if we did not wish to play an important role in world affairs, this would not matter, but he thought that Canada should and, as long as he was Foreign Minister, Canada would try to exercise an influence.

He mentioned recent visits to Canada by the Venezuelan Foreign Minister (although this was motivated by a desire to rest and play golf) and the very successful visits by the President of Mexico and the Foreign Minister of Brazil. Mr. Diefenbaker had come back from his trip to Mexico convinced that we must do more with respect to Latin America. Mr. Green said that his tour was designed both to explore ways of improving relations and as a goodwill mission. He was sorry that he had to curtail his trip, although he had since discovered that he would not have been welcome in Uruguay.

Mr. Birkett explained that at any other time the Uruguayans would be most pleased to receive Mr. Green but that, with so many delegations visiting Argentina, they could not have provided a welcome for one without doing the same for all, including some that they might not wish to receive.

Mr. Green went on to say that the problem of Canada's joining the O.A.S. was one of the immediate problems to be considered. It had never been Canada's policy to join this organization. His visit had led to publicity about the possibility of Canada joining and he was afraid that this had been over played and that if we decided not to join there might be a certain reaction.

Canadian Government policy had not yet been decided. While there were many Canadians in favour of our joining, there were also some groups strongly opposed. He mentioned, as an example, the *Vancouver Sun* and the *Globe and Mail*. It was his hope that his visit would enable him to form a better opinion about this problem. Mr. Green pointed out that regardless of whether or not we joined OAS, there was no question that it was our policy to strengthen in every way possible our relations with Latin America.

This year was a particularly difficult year from a budget point of view and the Department had already had to postpone plans for opening new missions in areas where there was need of them: e.g. Burma and Iraq. It would be difficult at this time to undertake the additional expenses involved in OAS membership. It was not only membership dues but the possibility that Canada would have to extend aid which could be very expensive. There was also the problem of the Rio Treaty. Mr. Green said he did not know whether membership in OAS would require us to subscribe to the obligations involved in this Treaty, but he doubted that Canada would wish to undertake any additional defence commitments. There was also the fear that membership might involve us in arguments between the United States and Latin American countries resulting in our relations suffering with one or the other. Some Canadians felt that membership would weaken our ties with the Commonwealth although Mr. Green believed that this sentiment was weaker than in the past. Mr. Green added that he relied on Canadian missions in Latin America for advice but that the advice received was not uniform — Mr. Chapdelaine in Brazil opposing membership, and Mr. Bower in Argentina favouring membership. *Mr. Bower* interjected that it was not quite right to say that he had recommended membership. *Mr. Campbell* stated that Mr. Bower had tabulated the advantages of membership without recommending participation.

Mr. Green explained that the government was worried about the fall in Canadian trade in Latin America.

Mr. Van Tighem remarked that it had only fallen off in some places.

Mr. Green said that in any event it had not gone ahead the way it should. Mr. Green told of the Brazilian Foreign Minister's view that Canadians were not after the business available. Mr. Lafer, as head of a paper business that had 30,000 employees, would have been glad to buy machinery from Canada, but it was the Germans who made the effort and, as a result, it was the Germans who got the business. We could certainly do more in the trade field. He spoke of the note from Venezuela urging our membership in OAS and suggesting that we enter into a cultural agreement with them. It had been difficult to prepare an answer to this note and there had been some suspicious persons in Canada, of whom Mr. Green was not one, who thought that the Venezuelan approach was prompted more by fear of an oil pipeline to Montreal than by a genuine interest in cultural relations with Canada. Traditionally, Latin Americans may have felt that they were getting the brush-off from Canada and perhaps this had once been true. It was certainly not true now.

He again stressed that there was no area in the world where we could improve our relations and increase our influence more easily. There was little scope for improvement in NATO,

Europe or Southeast Asia, although there was, of course, in Africa and the new countries of the Commonwealth. Mr. Irwin had been our contact man with the Latin American countries at the last session of the U.N. and Mr. Green had insisted that he be sent to Mexico and he had great hopes that Mr. Irwin would be able to improve our liaison with Mexico on U.N. matters. He explained that when Canada put forward its radiation proposal at the U.N., Costa Rica had made a last minute amendment about which they had not even bothered to consult us. Twenty votes were important and many issues were decided at the U.N. through Latin American support or opposition. Mr. Green ended by saying he hoped to receive ideas from those at the meeting and he invited discussion.

Mr. Bower started the discussion. He said that he was afraid that the cost of *not* joining the OAS had risen. Canada would be welcomed now but this might not always be true. The spurned lover was always the most bitter. Even if membership in the OAS was not worth a nickel in trade, it had an importance in the field of intangibles. He had been told by a Canadian teacher in Venezuela that the Venezuelan children were just as intelligent as Canadian but that there was one important difference. If the teacher told a touching story to the Canadian children, they would remain stony-faced. Latin Americans are emotional people and they attach more value to symbols than we do. If we keep refusing OAS and they attach more value to symbols than we do. If we keep refusing OAS membership there would likely be a "Who the hell do they think they are" reaction.

Mr. Campbell asked what the consequences of that would be.

Mr. Bower said that at the present time we were getting excellent cooperation from the Argentines on virtually all matters. He quoted the case of Argentine help to a visiting steel expert from the Department of Mines and Technical Surveys, pointing out that it was much more than we would have done for an expert from Argentina. Their willingness to cooperate is an asset which should not be thrown away. Obviously there were other factors. We had to consider what effect it would have on our relations with the United States and one of the most important voices in deciding this issue should be that of our Embassy in Washington. There was also the question of the cost. What should not be overlooked was that there were disadvantages in *not* belonging and that these disadvantages increased with time.

Mr. Bower went on to speak of the growing problem of underdeveloped countries in world trade. Their imports compared with before the war had risen in volume by 230% and their exports by only 150%. As a result of technical advances, industrialized countries needed less raw materials. Moreover, advanced countries have protected and subsidized their own production of raw materials. The United States, for example, has become the world's largest exporter of wheat, frequently capturing traditional markets of the underdeveloped countries and complicating their foreign exchange problems. At a time when Western nations are finding it hard to take raw materials from the underdeveloped countries, the iron curtain countries are increasing their purchases. Argentine trade with the United States and Western Europe was falling while that with iron curtain countries was rising. Every day Argentina depended more on iron curtain markets as an outlet for heavy hides, wool and quebracho extract. The communist countries were in a position to provide the heavy machinery these countries required and could in return take their raw materials. The Soviet Union had made a 100 million dollar loan to Argentina at 2½% interest payable in eight years, with the first payments to start three years after receipt of goods. The Western countries must be prepared to do more. New investment in Argentina should be encouraged and the door should be kept open to Latin American exports. Communist trade penetration is only a prelude to cultural and political penetration with all the problems this can create for the United States — and ultimately Canada, e.g. Cuba.

Mr. Bower mentioned the problem of Argentine meat which was kept out of the United States and Canada because of foot and mouth disease. Foot and mouth disease was a real sanitary problem but he asked if our stand was not largely because it suited Canadian and United States meat interests.

We had traditionally been suspicious of commodity agreements but they provided a possibility of stabilizing commodity prices, a factor of greater importance to the countries of Latin American than aid. We should remember how bitter we had felt when the United Kingdom stayed out of the wheat agreement and we should be prepared to enter commodity agreements as a consumer country. Mr. Bower said he approved of Mr. Gauvin's view that we did not need to approach OAS with a reformist spirit. All they were asking was that we become a member of the family. Joining was important as a symbol and could be limited to that.

Mr. Chapdelaine interjected that Canada was regarded as a "have" nation, as a bountiful tap to be turned on, and that if we joined we would likely enter into an anti-milking front with the United States.

Mr. Bower said that the influence Canada could exert in this part of the world was not the sole reason for joining. Much more important was the influence we could bring to bear on United States policy. United States policy could get us involved as in Cuba or Venezuela and it was in our interest to do what we could to direct United States policies into constructive channels. We did so in other forums, e.g. NATO, United Nations, etc. Why not here?

He dealt with the recent oil contracts made by Argentina. Certain of these were questionable contracts providing terms which the United States companies could not secure anywhere else in the world and which had been concluded by Argentina in a moment of panic. Argentine needed foreign exchange and could not take the lead in re-negotiating these contracts for fear of driving away other investors. The United States should take the lead in re-negotiations.

The Aluminium Company of Canada was interested in investing 13 million dollars in Argentina but they were worried about these unsavoury oil contracts which could lead to public revulsion and ultimately affect all foreign investors.

Mr. Campbell said that this was a question concerning private companies.

Mr. Bower said that the United States government would also be involved.

Mr. Chapdelaine added that the chief negotiator of the contracts Mr. Bower had mentioned had been Henry Holland, who was Eisenhower's principal adviser on his recent trip.

Mr. Bower said that the United States owed it to the free enterprise system to induce United States companies to behave as responsible citizens and not just come in for a quick kill. United States companies should be persuaded to sell an equity to interests in the countries in which they operate. In this field, Canada has the same interest as the Latin American countries. If we were in the OAS we might be able to have greater influence on United States policy.

Mr. Birkett said that in his view the question remained the same as it was in Rio. There were no reasons in favour of joining the OAS sufficiently strong to justify it. Uruguay would be happy if we joined and our prestige in Uruguay would no doubt be enhanced. But this was not a conclusive argument in favour of joining.

Mr. Gauvin said that he was afraid we were only considering the short term advantages in our membership in OAS, ignoring the long term consequences of our continued negative attitude. Everyone recognized that South America is the continent of the future. This was evident in the growing interest of the iron curtain countries in the area as well as in the important investments made by the European countries. He was convinced that if these countries were in our

fortunate position of being able to join and have a direct influence on Latin American policy, they certainly would do so.

Mr. Campbell said that no one was arguing about the long term but whether it was in our interest to join now.

Mr. Hardy said that if "eventually, why not now?"

Mr. Gauvin thought our concern over the cost of membership seemed misplaced in relation to our defence expenditures. We gave military jets to Turkey worth many millions of dollars yet quibbled about the relatively minor cost of joining OAS.

There was a general discussion about cost. It was thought that the direct cost would come to one and a quarter million dollars, and there would be the likelihood that we would have to open more missions.

Mr. Hardy pointed out that we would likely have to open missions in Ecuador and Central America whether we joined or not. Arguments advanced against membership were the financial commitment involved. Many figures had been mentioned varying from one to 50 million dollars yearly. He asked for firm figures on what the cost would be.

Mr. Campbell asked if the money might not be better spent in opening missions, in trade promotion and in information work — where there were no political disadvantages.

Mr. Hardy said that if we made ourselves better known, we would be just inviting additional pressures to join and that, as for opening missions, money spent on opening a mission in Paraguay, for example, would be money misspent and would not provide better value than OAS membership.

Mr. Bissett said that as Canada was an American nation, it had the obligation to join.

Mr. Campbell spoke of the International Development Bank of which the United States share was 450 million dollars. A Canadian share on the same basis would be in the order of 45 million dollars.

Mr. Chapdelaine pointed out that this would not be completely wasted as it would probably result in orders for Canadian products.

Mr. Chapdelaine spoke on Canadian policy towards Latin America. He said that in his view Canadians did not want to join OAS. The only part of the country where there was any interest was Quebec, and even there it was very small. He realized that this was not in itself a conclusive reason against joining. Canadians, in general, are responsive to government leadership in the field of foreign affairs.

He said that the demands for aid to Latin America were insatiable. Waste was easy and you were likely to find that the rich were getting richer and the poor no better off. There was a great need in Brazil for education. The Brazilian education system was not keeping up with the increase in population and the number of illiterates was increasing each year. Canada could perhaps accomplish more by direct help in a field of this kind than in general assistance where we could exercise no control. The kind of thing he had in mind was what the Rockefeller Foundation had been doing in health and education. He spoke of Canada's missionaries and said that their most important work was in the field of education. Mr. Chapdelaine hoped that lay missionaries could be sent. What was needed was additional technical assistance.

Mr. Gauvin thought that so long as Canada does not join OAS, aid or technical assistance will be considered as charity and will perpetuate the conviction already held that though generous we consider ourselves too superior to belong to the Club.

Mr. Chapdelaine mentioned that a member of the Brazilian Foreign Office, whose opinion could be respected, had said that he could see a number of reasons why it would be of interest for Latin America to have Canada in the OAS but he was hard put to see what advantages Canada would receive. Mr. Chapdelaine spoke of Brazilian Traction which had a bigger

operation in Brazil and more direct access to the President than the Canadian Embassy. Membership in the OAS would have no bearing at all on the setting of public utility rates or the nationalization of Brazilian Traction.

Mr. Gill said that if joining OAS was considered as an immediate problem, administrative factors would have to be taken into consideration. There was a need to strengthen the Latin American section in Ottawa before further expansion of missions in Latin America. Our capacity was limited and if we joined OAS, it would mean that we could not expand elsewhere.

Mr. Chapdelaine said that Latin America tended to be interested in the surface rather than in substance. There were some gestures we could make which would give pleasure and cost nothing, such as making the Latin American section an independent division within the Department. Latin American Ambassadors could then speak with a head of division. It would not matter if the person occupying the post was paid no more than the present head of the Latin American section. Canadian Ambassadors could occupy the front pages of Latin American newspapers day after day if they were better actors and were willing to make small payments to receive such things as honorary citizenship in the city of Rio de Janeiro etc.

Mr. Chapdelaine spoke of trade. If we were to increase our trade with Latin America, we would have to interest new people, Canadian industrialists who did not traditionally trade in this part of the world. There were big profits to be had, but, as is natural where there are big profits, also substantial risks. He spoke of the investment in Brazil in the automobile industry by Ford, G.M.C., Fiat, Mercedes Benz. These investors received a return on their know-how and in addition the 15 to 20 percent imported parts in the cars provided continuing trade for the investing countries, as well as trade in machinery for making the automobiles. Dividends were returned to the investor as well as interest on loans made.

Mr. Green said that he would like to hear from the younger members of the group and asked Mr. Fulford and Mr. Blackstock for their views.

Mr. Fulford referred to Mr. Bower's emphasis on the importance of United States policy in Latin America. He said that Canada could not stand aside, since Canada would be involved if U.S. policies failed. The population of Latin America was increasing rapidly and if economic advance did not take place, extremist governments were almost inevitable. It was pointless to say that Canada should avoid becoming involved in differences between Latin American countries and the United States. These problems were of importance to us and it would be far better to try and exercise some influence. We certainly could not stand back and complacently contemplate United States difficulties. If the general western position was compromised in Latin America, Canada, like the United States, would be affected. Canada could surely exercise more influence on the United States inside the OAS than outside. It would be pleasant if Canada, as a country, were well regarded in Latin America but this was of much less importance to Canada than the question of whether economic growth would take place and whether Latin America would remain in the western camp. Canada should be prepared to play a constructive role in Latin America.

Mr. Blackstock said that he thought it could be of help to Canada eventually if only for the interest it would stimulate on the part of Canadians in Latin America generally. It would also increase goodwill towards Canada and the influence which Canadian representations would likely receive. Even if membership would not confer any automatic trade benefits, it would certainly do no harm.

Mr. Campbell asked how Canada could influence the policy of private companies, even our own. If we spoke to the United States about the policies of its companies, we would likely be told in no uncertain terms to mind our own business.

Mr. Bower did not think our policy with respect to Canadian companies would exercise any direct influence, but that if we were to make representations to the United States, it would be essential that our own house be in order. How could we speak of the errors of United States companies if our own companies followed similar policies abroad? Taxation policy could be important in persuading companies to follow constructive policies. He did not think foreign countries would be wise to take action against United States companies but rather the United States itself in its own long term interest should encourage more constructive attitudes by United Sates private companies. He felt that the failure of United States business in Latin America to behave properly definitely contributed to anti-Americanism, led to demands for expropriation, to the advent of left wing governments or dictatorships, and ultimately involved the United States government so that they (the United States government) do have a real interest in the policies of United States firms doing business abroad and should be prepared to help shape these policies.

Mr. Chapdelaine pointed out that the United States was not in the Latin American caucus and that it was the case of 20 versus one. If we were in the OAS we would likely find ourselves on the outside. He wondered if we could not accomplish more by getting out of GATT obligations which prevented us from concluding profitable bilateral deals.

Mr. Green asked whether there were not several Latin American countries in GATT.

It was explained that they were inclined to take their obligations with a large grain of salt.

Mr. Green asked why he had not helped Latin America to secure an observer status at the OEEC. No clear answer was provided.

Mr. Green asked Wing Commander Bell for his comments.

Wing Commander Bell said that when in Mexico, Mr. Diefenbaker had explained that our existing connection with NATO, NORAD, and UNEF would make it difficult to undertake further defence commitments. The Mexicans seemed to accept this explanation. If we joined the OAS we might have to send one or two representatives from the armed forces as observers to the Inter-American Defence Board in Washington but this would not be a very onerous obligation.

He said that we would soon have two hundred obsolete F86's to get rid of and that membership in the OAS might help us dispose of them in Latin America if it were our policy to do so. Someone remarked that the United States was virtually giving its planes away. Wing Commander Bell agreed that we would have to do the same.

Mr. Van Tighem said that the question of joining OAS was a political question and that it would not be determined in the final analysis, by cost, by administrative considerations, or by its effect on trade (which the Department of Trade and Commerce considered would be negligible). It was a political question and should be decided on political grounds.

Mr. Gill agreed but added that consideration of the factors of cost and administration would enable us to join, or not to join, the organization with our eyes wide open.

Mr. Green asked whether it was really true that if we entered the organization, it would turn out to be a question of 20 versus 2, or a question of 20 versus 1 and 1.

Mr. Hardy remarked that we must look to the future. It was possible that the West Indies would join, whether they achieved independence as one or more sovereign entities, and this would have an effect on the composition of the OAS, making it less of a Spanish or Spanish and Portuguese speaking organization.

Mr. Bower thought that we would usually take the same stand as the United States but that we would have no fear of the occasions when we were in disagreement with them.

Mr. Green remarked that the last session of the United Nations showed the Latin American bloc may be to some extent breaking up.

Mr. Campbell pointed out that they still tried to act as a bloc, and that if we associated with them more closely we would not only be in a position to influence them, but they would be in a position to bring pressure to bear upon us.

Mr. Green asked whether there were any special problems in Brazil or Argentina which should be discussed.

Mr. Chapdelaine said that our biggest interest in Brazil was the Brazilian Traction which had shown great skill in looking after its own interests and that it did not want our protection at this stage and that if the point ever came where it did, there would not be very much that we could do.

Mr. Bower said that our chief interest here was in the success of Argentina's economic recovery programme. If Latin America got on its feet economically, there would be little to worry about. Trade and political problems would be eased. We should see what we can do in the field of technical assistance; in providing training in engineering, in the sciences, and in administration. We offer little at the present time. The National Research Council provided post-doctorate fellowships but there were few graduates in this part of the world with the training necessary to win them and that, in any case, these fellowships were designed for Canada's benefit by bringing top-ranking candidates to Canada to conduct research which we wanted done.

Mr. Campbell pointed out that exchange scholarships were dangerous because it was not always possible to interest Canadian students and that if there were no takers it left a bad taste. It was mentioned that there might be interest in studying architecture in Brazil, Spanish languages and literatures throughout Latin America and perhaps in persuading Canadian universities to interest graduate students in these dealing with Latin America. The possibility of professor exchange was mentioned, which could provide double value by sending a good Canadian professor to teach in a Latin American country, and providing a year's training in Canadian university methods to a Latin American professor.

Mr. Chapdelaine spoke of the Chilean disarmament proposal. One of the reasons Brazilian education was falling behind was that twenty-five percent of the budget was going to the armed forces. Perhaps this was a field in which Canada could exercise some influence if it were a member of the OAS.

Mr. Bissett spoke of the need of government financing for Canadian exports.

Mr. Van Tighem agreed that business was being lost because we could not meet the credit terms offered by other exporters. He said that a proposal for government financing had been considered by the Cabinet before and he thought was once more coming up for consideration.

Mr. Green concluded by once again emphasizing the government's interest in improving relations with Latin America. Joining the OAS had not been written off. He thought, himself, that there was no single thing we could do which would bring greater immediate returns in goodwill, although there would be a question of whether we could hold it. He remarked that he had been very impressed today watching the Argentine school children march by. He could not believe that a country with healthy, vigorous children could be a decadent country. He had had the same feeling watching United States high school children at a football game in Michigan. A country with young citizens with such vigour and enthusiasm was a very long way from being down and out. Argentina was a country like Canada and we should be able to work with it.

Above all, we should approach Latin Americans as friends and equals and not as poor relations.

653. DEA/11563-20-40

L'ambassadeur en Argentine
au sous-secrétaire d'État aux Affaires extérieures

Ambassador in Argentina
to Under-Secretary of State for External Affairs

LETTER NO. 391 Buenos Aires, August 15, 1960

VISIT OF MINISTER — ARGENTINE 150TH ANNIVERSARY CELEBRATIONS

When Mr. Green was in Argentina last May, he paid official calls upon President Frondizi and upon Dr. Taboada, Minister of External Relations and Worship. At each of these meetings there was present a representative of the Commonwealth Division of the Ministry. The Argentine Ministry of External Affairs has now provided us with a copy of their minutes of both of these meetings and I am enclosing an office translation.

RICHARD P. BOWER

[PIÈCE JOINTE 1/ENCLOSURE 1]

Note

Memorandum

TRANSLATION
ORIGINAL SPANISH

AUDIENCE GRANTED BY H.E. THE MINISTER OF EXTERNAL RELATIONS AND WORSHIP TO THE FOREIGN MINISTER OF CANADA

The Minister (Dr. Taboada) said that the two countries, being at the most northerly and southerly points of the American continent, should join together in the promotion of the progress of those less developed countries which they embraced.

He said that cultural relations should be strengthened; that the Foreign Ministry would undertake this through its Embassy, sending material which would provide a better understanding between Argentina and Canada. Mr. Green offered to do the same and moreover to create ties between a school in Vancouver (his native city) and the Argentine school called "Canada" which he had seen and by which he had been deeply moved. He continued by saying that he had been greatly impressed by the parade of Argentine school children and that it would be an unforgettable personal memory for him; that he had seen in them the strength of the Nation and an augury for its great future.

The Minister said that Argentina was anxious to see Canada as a member of the OAS and if it approached the organization, not only would it be met with open arms but Argentina would be honoured to propose its candidature. Mr. Green replied that these were the wishes of Canada, that the subject had been taken up in Parliament but had met resistance there because the Canadian people did not know Argentina (?) well and feared that such membership might oblige Canada to enter into contracts of a regional nature such as those contracted by the countries who signed the Rio Treaty.

The Minister repeated that Canada would not be obligated by the Rio Treaty. He promised to send Mr. Green a memorandum clarifying the position of Canada if it were a member of the OAS, setting out the precise position of Canada in relation to this Treaty and to other Regional

pacts. He said that these treaties were in support of the West and were only mutual defense agreements against foreign aggressions against America.

Mr. Green added that during his trip to South America, he was gathering many personal impressions in Brazil and especially in Argentina and he would continue to do so in Chile and Peru, in order to have a basis for judging the question of membership of Canada in the OAS when he returned to Canada.

He also said that the feelings and opinions of Canadians and Argentines towards the problems which divided the world into two camps and two attitudes to the problems of the dignity of man coincided in every way.

Observation: In regard to the opposition found by Mr. Green in the Parliamentary session dealing with the possible membership of Canada in the OAS, he pointed out that public opinion and the press in Canada were at the moment divided in this respect. The division was based on the fact that if Canada were to sign the Rio Treaty it would entail a multiplication of pacts, since Canada was already a signatory of NATO and it would require expenses that Canada did not wish to undertake.

[PIÈCE JOINTE 2/ENCLOSURE 2]

Note

Memorandum

TRANSLATION [Buenos Aires], May 23, 1960
ORIGINAL SPANISH

AUDIENCE GRANTED BY THE PRESIDENT OF THE NATION TO THE CANADIAN MINISTER OF EXTERNAL RELATIONS, HON. H.C. GREEN

The visit was of a protocol nature, and Mr. Green presented the greetings of his Government to the President and to the people of the Republic. He said that great American nations such as Argentina and Canada had in common their participation in world problems and a common future in the development of the American continent. He remarked that the parade of Argentine school children had moved him deeply and that he clearly saw in these children the strength of Argentina and its great future.

The President thanked Mr. Green for his remarks and said that Canada, a powerful American country with an advanced industrial development, should occupy an important position in assisting Latin American countries. He said that the two countries occupied geographically the two extremities of the American continent and that they should join forces across the distance between them to help the progress of the less developed countries of the continent. He said that Argentina would support Canada in any effort to raise the standard of living of these people.

He added that Argentina would look with pleasure upon the membership of Canada in the brotherhood of the American nations. He ended by saying that Argentina was desirous of increasing its commercial and cultural relations with Canada.

654. DEA/11563-20-40

L'ambassadeur au Pérou
au sous-secrétaire d'État aux Affaires extérieures

Ambassador in Peru
to Under-Secretary of State for External Affairs

LETTER NO. 131 Lima, June 3, 1960
CONFIDENTIAL

VISIT OF THE MINISTER TO LIMA:
CONVERSATIONS WITH PERUVIAN LEADERS

I attach two copies of notes which I have compiled on certain conversations which our Minister had with Peruvian leaders during his recent brief visit here.

2. These are not as full as I would wish them to be but I think they are reasonably accurate. I was the only other Canadian who participated in any of these interview; under the circumstances I was not of course able to take notes and indeed was only able to record my impressions after the visit had terminated. I am sending a copy of this letter and the notes directly to Mr. Ross Campbell.

ALFRED J. PICK

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

CONFIDENTIAL Lima, May 30, 1960

CANADA, PERU, AND THE O.A.S.
A NOTE ON CONVERSATIONS HELD BY THE S.S.E.A. IN LIMA

The Minister called on the President of the Republic at 10:00 a.m. on May 28. He was given a very warm welcome and the conversation continued for a full half-hour. Mr. Green began by referring to the recent celebrations in Buenos Aires to mark the Independence of the Argentine, which both of them had attended, mentioning that Dr. Prado had been the senior guest. Apart from such introductory remarks and a reference to the Minister's brief stay in Lima and his first impressions of the capital, the conversation quickly got down to more serious matters.

Prado said that he and Peru certainly wanted Canada to participate in the American family or community. There was little specific mention of Canada actually joining the O.A.S. but this was clearly in the back of Prado's mind. He said they had grave problems here of under-development and that Canada was in a position to help them. The menace of Communism was a serious one because of the poverty and backwardness of so many people in Peru. He was strongly opposed to Communism and the best answer or defence in the long run was certainly to create work and improve economic conditions.

Prado mentioned their various plans for the development of the "ceja de montaña" (as the foothill area on the Amazon side of the Andes is called) which would call for roads, hydro-electric projects and other basic facilities. If the area were to be opened up it would provide enormous opportunities for land settlement and agricultural production. Clearly he had in mind Sr. Rizo Patron's Plan Peru-Via. When I interjected that the Toronto firm of Hunting

Associates was now undertaking some aerial survey work for the Ministry of Development and Public Works, the President replied that he was aware of this, and I am convinced that this was the case.

On a more bilateral basis the President said they would like to see a greater development of trade with Canada and closer cultural relations. He particularly would like to see an increase in Canadian private investment here. In answer to questions, I had to point out that Canadian private investment was indeed quite small in Peru at the present time. There were a few companies that were interested in mining properties for exploration purposes but as yet there had been no real development. The Minister asked whether Canadian aluminum interests had a plant here and I answered that we sold aluminum ingots to several local companies but the Canadian firm did not do any fabricating here. The President explained that they had created very favourable conditions here to attract foreign capital. There was fair treatment and a complete absence of foreign exchange and other controls. He hoped that recent legislation (this was an obvious reference to the Industrial Promotion Law) would persuade Canadian private capital to help in the process of industrialization here.

The conversation then turned to the world scene, and we quickly got back to Prado's first presidency (which ran from 1939 to 1945). He pointed out with great pride that under him Peru had been the first country in Latin America to declare war against Germany. After a little confusion, caused perhaps in part by linguistic difficulties, he gave the impression that this had been about May 1940. (I knew that Peru held the record for being the first to break with the Axis powers but I did not think it had been nearly so early. However, I chose not to challenge the then President of Peru directly. I have since looked the matter up and checked with the Foreign Ministry, and it is clear that Peru broke off diplomatic relations with the Axis powers (Germany, Italy and Japan) on January 24, 1942, a few weeks after Pearl Harbour, (the first Latin American country to do so) and declared war against Germany and Japan in February 1945. See, for example, *Everyman's Encyclopaedia* — Third Edition, and Hubert Herring's *A History of Latin America*, 1955.) I expect Prado had in mind some public expression of his sympathies for the Allied cause in the spring of 1940 when Belgium and France were invaded.

He referred to the fact that he had been invited to be a guest at the White House early in 1942, presumably for his good record of co-operation in the war effort, and that he had held interesting conversations with President Roosevelt. Prado had feared that, though Russia was a temporary ally, and this then convenient to us, the Soviet Union would be a serious threat to us once the war was over. However, Roosevelt did not share these fears. Apparently the Soviet Union had asked Roosevelt if he could help to get Peru to accept a diplomatic mission. Roosevelt put this request to Prado — it would mean receiving a rather large diplomatic mission here. This Prado refused to do as he considered it would constitute a serious danger and an unsound policy. He explained to the Minister that there were no diplomatic missions here from any of the Communist countries. There was then a quick survey of what Latin American capitals had Soviet missions. Prado emphasized again the danger that the presence of such missions would constitute here.

It was a very pleasant and relaxed interview with the President, though we knew at the time that he was busily engaged in Cabinet consultations, and had hurried back the previous day from Buenos Aires because of the sudden resignation of two Cabinet Ministers. He was in casual business clothes, seemed bright and cheerful, and expressed himself with greater facility than I thought he possessed in English. I think his welcome was very genuine and that he enjoyed talking with Mr. Green.

Naturally, at the end of the conversation, which in fact was largely terminated by signals from the staff in the adjoining room, President Prado gave a warm farewell to the Minister and myself, who were the only persons present during the conversation, and again reiterated his

hopes that Canada would be with them in the American community and would help them with their problems.

The call on the Mayor of Lima was more of a casual occasion. He proudly displayed the paintings and other art objects in the magnificent Town Hall, and told the Minister something about the early history of Lima as illustrated by the original documents signed by Pizzaro, etc. It was very difficult to get away from the Municipalidad and we arrived about ten minutes late at the Torre Tagle Palace.

Dr. Luis Alvarado, who was the Minister ad interim and who had given the banquet to Mr. Green the night before, gave us a warm welcome. The Secretary-General, Dr. Delgado, was also present. This conversation took place in English, though Delgado does not understand it. It was rather briefer in character than I had hoped and nothing very much was said that was new. Mr. Green and Sr. Alvarado had of course been together at dinner the night before. Certainly, Alvarado made it clear that Peru wanted Canada to have closer relations with this country and with Latin America generally. He again recalled his own happy years in Ottawa. He also stressed the theme of the serious dangers of Communism within Peru because of the bad social conditions, though he admitted that the Party was not very strong. He said they had definite impressions that the Cuban Embassy was a centre of agitation. A number of the student groups that had been causing trouble recently seemed to have very close relations with the Embassy and were often seen at the Embassy functions. I think the implication was that Soviet propaganda and influence are being exercised through the Cuban Embassy, though Alvarado was not specific.

At the luncheon later in the day at our residence the Prime Minister made a quite spontaneous and eloquent plea in English for Canada to join the inter-American community. He said the day for isolation had passed and that we had to join with them in the attack on common problems. He made a dramatic reference to Cuba by saying that in effect it constituted a Soviet base at the doorstep of the United States.

Two themes seem to emerge from all of the talks. One was their great concern about the dangers of Communism in Peru, which call for outside economic assistance and support. The Fidel Castro régime seems to be a symbol of the threat in the Americas. This, of course, is rather different from our own concern about the international behaviour of the Soviet Union. We have much less anxiety about international Communism subverting our own people because of our sounder and more just social conditions. The leaders here, who come from a narrow and highly privileged white oligarchy, are especially sensitive about the conditions of the Indian masses being favourable to Communist propaganda and agitation. The other general theme was that the attitude to Canada is one of unreserved friendliness and respect. They would certainly like us to join the O.A.S. and in this way assist them with their domestic and perhaps regional problems.

Subsequently I had a brief word with the Ambassador of Ecuador. He said that he hoped Canada would be present at the Quito Conference to open the first of next March. He said he would like it to be remembered that Ecuador had been one of the first to advocate specifically the admission of Canada. He was referring to an Ecuadorian initiative of a year or two ago. He had also read Mr. Green's remarks in Buenos Aires and to the press here and appreciated that Canadian public opinion would have to be prepared for the entry of Canada into the Organization.

A.J. PICK

655. DEA/11563-20-40

L'ambassadeur au Mexique
au sous-secrétaire d'État aux Affaires extérieures

Ambassador in Mexico
to Under-Secretary of State for External Affairs

LETTER NO. 315 Mexico, June 3, 1960
CONFIDENTIAL

MINISTER'S STOP-OVER IN MEXICO CITY — CONVERSATION WITH FOREIGN MINISTER TELLO ON CANADIAN RELATIONS WITH O.A.S.

The Minister, accompanied by Mrs. Green, Mr. Gill, Mr. Campbell, Mr. Hardy, Mr. Van Tighem and Mr. Jepson arrived by C.P.A. in Mexico City at 10.20 a.m. on Sunday, May 29 and left at 12.30 p.m. on the same day enroute from Buenos Aires to Ottawa.

2. The Minister was met by Foreign Minister Manuel Tello, Sr. J. Bernal of the Foreign Ministry's ceremonial division and by the officers of the embassy and their wives. Mr. Tello had invited the Minister and his party to be his guests at breakfast, but this project had to be dropped owing to a delay of some three hours and twenty minutes in the plane's arrival. As an alternative, Mr. Tello suggested a drive to the university which invitation the Minister accepted despite the fact that he was obviously tired from the night flight from Lima.

3. During the drive the Minister and Mr. Tello talked informally on a number of subjects, including Canada's relations with the O.A.S. A summary of the conversation is attached in memorandum form as Appendix A.

4. On his arrival the Minister was interviewed briefly by the press. Questions were confined to the situation in Chile resulting from the earthquakes there.

5. The stop-over also offered a very welcome opportunity for the officers of the Embassy to discuss a variety of matters with members of the visiting party.

6. Attached as Appendix B† are the press clippings relating to the stop-over.

W.A. IRWIN

[PIÈCE JOINTE/ENCLOSURE]

Appendice A

Appendix A

CONFIDENTIAL

MEMORANDUM ON CONVERSATION BETWEEN THE MINISTER AND SR. MANUEL TELLO, MEXICAN MINISTER OF EXTERNAL AFFAIRS, MEXICO CITY, SUNDAY, MAY 29, 1960

Following is a note on a conversation between the Minister and Sr. Manuel Tello, Mexican Minister of External Affairs, which took place on Sunday, May 29, 1960 in Mexico City in Mr. Tello's car enroute from the Airport to the University and return. Since the Ministers were sitting in the back seat and I was in the front, I did not hear everything that was said and this note, therefore, may not be wholly complete.

Prime Minister's Visit

The Minister reported that the Prime Minister had been very pleased with his reception in Mexico and was very grateful to the Mexican Government for the warmth of its welcome. Mr. Tello replied that his Government had also been very pleased with the visit and hoped that it had marked the opening of a new phase in the relations between Canada and Mexico.

150th Anniversary Celebration of Mexican Independence

Following some observations by the Minister on the anniversary celebrations in Buenos Aires, Mr. Tello mentioned that Mexico would be celebrating the 150 Anniversary of its independence in September. He said he hoped Canada would be sending a representative and asked the Minister if he thought it would be possible for him to come himself. The Minister said he would like to do so, but did not know whether or not his schedule would permit it. He thanked Mr. Tello for the invitation and said he would take it under advisement. (In a subsequent conversation with myself, Sr. Tello indicated that the celebrations are tentatively scheduled for September 12-17).

Canada's Relations with the O.A.S.

1. Mr. Tello referred to the reports of an interview which the Minister had given in Lima and which had appeared in the morning newspapers. He mentioned particularly a reference to Canada's relations with the O.A.S. The Minister had not seen the report and asked what it contained. Mr. Tello said he understood that it had implied that the Canadian Government was considering the possibility of joining the O.A.S., but that it was not clear such a step would be supported by public opinion in Canada.

2. The Minister replied that public opinion was one of the factors involved and then asked Mr. Tello if he thought it would be necessary for Canada to adhere to the Rio Treaty if Canada did decide to enter the O.A.S.

3. Mr. Tello replied that if Canada were in the O.A.S. in his view it would make little practical difference whether she adhered to the Rio Treaty or not since there were collective security clauses in the O.A.S. Charter itself. (I took it that he was referring to Articles 24 and 25 of the Charter). From the strictly juridical point of view non-adherence to the Treaty might make some difference, as the collective security provisions were spelled out in the Treaty in greater detail than they were in the Charter, he did not think that non-adherence to the Treaty would make much practical difference.

4. The Minister stated that the conversations he had had in Buenos Aires had suggested the Argentineans did not feel it would be necessary for Canada to adhere to the Treaty if she joined the O.A.S. He added that he felt it might be easier to secure public support in Canada for entry into the O.A.S. than for adherence to the Treaty and in this connection mentioned our defense commitments under NORAD and NATO.

5. In answer to a further question by the Minister, Mr. Tello replied that he felt it might be possible for Canada to join the O.A.S. without adhering to the Treaty.

6. The Minister said it was clear that Argentina, Brazil, Chile, Peru and Venezuela were anxious to have Canada join the Organization. He then asked me if I had had any indications of what the attitude of the Central American countries might be. I told him that during my initial calls on the Central American Ambassadors here a number of them had raised the question of Canada's relationship to the O.A.S. and indicated they hoped Canada would join.

7. As on previous occasions, Mr. Tello implied that Mexico would welcome Canadian participation in the O.A.S. but would not try to exert pressure to this end. This, of course, is in line with previous indications of Mexico's attitude on the question.

W.A. I[IRWIN]

656. DEA/10983-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

RESTRICTED [Ottawa], May 26, 1960

DISASTERS IN CHILE

I am attaching for your use in the House, if you approve, a statement concerning aid from Canada to Chile to assist the victims of the recent series of earthquakes that struck that country.†

As you know, we work closely with the Canadian Red Cross Society whenever disasters such as that in Chile occur. Yesterday the Red Cross, acting on official information they had received about the situation in Chile, recommended, as an initial step, a grant of $10,000 from the International Relief Fund. Later yesterday afternoon, on the basis of additional information, it was agreed with the Red Cross that this donation should be in cash. Arrangements were then made to cable the funds to the Chilean Red Cross in care of the Canadian Embassy, Santiago, so that this initial donation would arrive in time for Mr. Green to present it when he arrived there. We have been informed that Mr. Green will meet the Chilean Minister of the Interior and the President of the Chilean Red Cross at 4:00 p.m. today.

In a telegram from Buenos Aires† Mr. Green gave his view that a grant of more than $10,000 was in order and he informed us that he intends to refer to it as a preliminary contribution. We have held the same view and have made this known to the Red Cross. However, the information which the Red Cross has received from the League of Red Cross Societies in Geneva indicates that no more cash should be contributed until further notice and that contributions in kind (i.e. blankets, clothing, foodstuffs, medical supplies etc.) are needed now.

As you know, Cabinet approved last December a recommendation that up to 1 million lbs. of canned pork could be offered if needed in cases of international emergency. Accordingly we have asked the Embassy in Santiago to enquire whether the Chilean Government wishes to receive canned pork and, if so, what quantity. If this offer is accepted, there will be two related questions requiring immediate attention. First, there will be the question of transporting this food quickly to the disaster area. Canadian Pacific Airlines have offered to carry Red Cross supplies to Chile by air. It is not yet clear whether this offer means space on regular commercial flights or whether it contemplates a special cargo flight. If a special cargo flight is contemplated, it may yet be that some canned pork could be carried on it. If CPA is not able to take the canned pork it might be advisable to give consideration to the possibility of flying canned pork to Chile in an RCAF aircraft. You will recall that an RCAF aircraft was used to fly supplies, medicine and personnel to Agadir, Morocco, earlier this year. If it should transpire that there is no possibility of using CPA's aircraft to carry this pork, I should be grateful to know whether you think consideration might be given to using an RCAF aircraft.[49]

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[49] Note marginale :/Marginal note:
P.M. saw this memo at 1.30 pm May 26 and said he would consider the idea of a RCAF aircraft. At 2.20 pm Mr. Green phoned from Santiago and described the local situation. P.M. gave statement in the House of Commons at 2.30, seeking and getting agreement of all parties to the despatch of a RCAF planeload of supplies. H.B. R[obinson] May 26.

The second question concerns payment of ocean freight charges. If either CPA or RCAF aircraft can be used, this problem will disappear. If the canned pork must be shipped by sea, however, the problem will remain. It has not normally been the Government's practice or policy to pay ocean freight charges on relief shipments (the Japanese Government paid the ocean shipping costs on the 100,000 lbs. of canned pork sent to Japan last year.) We have asked the Embassy in Santiago to enquire whether the Chilean Government would be prepared to pay the ocean freight charges on a shipment of canned pork if they accept the offer made. It would be a pity, however, if, because of the unwillingness or inability of the Chilean Government to meet these charges, canned pork could not be made available to the disaster victims. Depending on developments in the areas I have mentioned, it may be that special consideration may have to be given to the question of freight charges.

N.A. R[OBERTSON]

657. DEA/10983-40

Le secrétaire d'État aux Affaires extérieures
au premier ministre

Secretary of State for External Affairs
to Prime Minister

TELEGRAM 69 Santiago, May 26, 1960

PRIORITY. EMERGENCY.

Following for the Prime Minister from Mr. Green. Copies for information External Affairs, National Defence, Health and Welfare and C.C.O.S. Emergency aid to Chile, I have interviewed the Minister of the Interior who is in charge of relief operations and with him the President and Secretary-General of the Chilean Red Cross who advised us that according to latest reports about 500,000 people are homeless and that many among them are injured, sick or threatened with disease.

2.. They are grateful for the offer of financial assistance but confirmed that supplies of various kinds would bring much more effective relief. The United States is sending two four hundred bed mobile hospitals but the great need is for field hospital units of forty to fifty beds because of difficulties in transporting the injured and sick to large centers. If any field hospitals of the types stated above are available they would be greatly appreciated and would be returned to Canada after the emergency ends.

3. I suggest that Wing Commander Bell RCAF who is accompanying me remain in Chile to coordinate activities if the RCAF and the army are involved.

4. In addition to the items already referred to in our telegrams 64† and 65† surgical instruments are urgently required and K ration type food would be particularly helpful for distribution by helicopter to areas difficult of access.

5. The Canadian Presbyterian Relief Committee in Toronto have wired me that they are sending one thousand dollars through the Canadian Embassy here for relief. Would you please have the Department advise them that this money could better be used for supplies from Canada in consultation with the Canadian Red Cross.

6. The same advice might be given to other organizations offering assistance.

HOWARD GREEN

658. DEA/1622-A-40

L'ambassadeur au Chili
au secrétaire d'État aux Affaires extérieures

Ambassador to Chile
to Secretary of State for External Affairs

CONFIDENTIAL Santiago, June 4, 1960

MR. GREEN'S CONVERSATIONS WITH CHILEAN OFFICIALS

I am attaching herewith reports on the private conversations which took place in Santiago during the Minister's visit. These notes may be useful if you are preparing a confidential report on the Minister's visit to South America.

2. The notes on Mr. Green's conversation with Chilean Foreign and Finance Ministers have not been checked with him. You will, of course, wish to send copy of our Commercial Secretary's memorandum to the Department of Trade and Commerce.

3. With regard to the views expressed by the Chilean Foreign Minister on Canada and OAS, you will find of special interest an editorial published in the leading Santiago newspaper *El Mercurio* just after Mr. Green's visit. It echoes Mr. Ortuzar's private statement and there is little doubt in my mind that it has been inspired by the Foreign Ministry.

[PAUL TREMBLAY]

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

MR. GREEN'S INTERVIEW WITH THE CHILEAN FOREIGN AND FINANCE MINISTERS

As Mr. Ortuzar's frail health precludes his accepting dinner invitations, the senior and most influential Member of Cabinet, Mr. Vergara, had agreed to attend the dinner planned for Mr. Green on May 27. These plans had to be cancelled but the Foreign Ministry informed us that they would try, if possible, to have Mr. Vergara meet our Minister.

When Mr. Green called at the Foreign Ministry, therefore, on May 27 at 11 a.m. both the Foreign and the Finance Ministers were there to receive him on behalf of the Chilean Government.

Mr. Green began the interview by referring to the tragic events that Chile was going through, expressing the deep sympathy of the Canadian Government and people. He said that he had been impressed by the courage and determination shown by the government and the people in meeting this emergency situation. Mr. Green referred to the assistance already offered to Chile by the Canadian Red Cross and to the further help that the Canadian Government hoped to provide. He said that he had already talked to the Minister of the Interior and the President of the Chilean Red Cross and had recommended to the Prime Minister that the items they had requested be sent as soon as possible. Both Mr. Ortuzar and Mr. Vergara expressed their gratefulness. The Finance Minister said that according to the latest reports there were about a million homeless in the disaster area and that the material damages were estimated at 200 or 300 million dollars. The death loss fortunately did not exceed 4,000. The Finance Minister said that they were thinking of a vast program of reconstruction, one important feature of which would be to seek loans from foreign countries. They thought that

the United States, Germany and perhaps France would be able to extend loans to Chile on a ten-year basis at the normal rate of interest. Mr. Green said that he did not know what facilities there might be in Canada in this respect but that he would look into the matter. Mr. Vergara added that the Chilean Ambassador in Ottawa might be asked by the Foreign Ministry to discuss possible financial assistance with Canadian authorities.

Mr. Vergara asked Mr. Green whether Canada was envisaging joining OAS. Mr. Green replied that the question was being agitated in the Canadian press at the moment. He personally saw some advantage in joining the Organization but public opinion in Canada was not unanimously favourable. Our Minister then asked Mr. Ortuzar whether Canada would be criticized if it were to join OAS without at the same time adhering to the Rio Pact as there was opposition in Canada to the broadening of our already heavy defence commitments. Mr. Ortuzar replied that Chile would look with sympathy to Canada's accession to OAS but that he had not considered the possibility mentioned by Mr. Green. He enquired whether we had discussed this specific point with some other Latin American Government. Mr. Green said that he had raised this question with the Argentine Foreign Minister who saw no objection, and that although he had not brought up the matter with the Brazilian Foreign Minister in Ottawa, his impression was that this would not be considered as an obstacle by Brazil. Mr. Vergara asked the Minister whether we had explored this point with the Americans. Mr. Green said that Washington was favourable to our joining OAS but that the question of our position regarding the Rio Pact had not been specifically discussed with them. Mr. Vergara expressed the opinion that in the event that a major conflict developed we would all be involved and it mattered little whether or not Canada subscribed to the Rio Pact.

During his interview Mr. Green referred to the growing importance of Latin America, the economic progress achieved, the important role played by Latin American countries in the United Nations and to Canada's desire to strengthen relations with its southern neighbours.

659. DEA/1622-A-40

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Secretary of State for External Affairs to Prime Minister

CONFIDENTIAL [Ottawa], April 13, 1961

CANADIAN AID TO CHILE

In connection with the above subject it is understood that an appointment has been arranged on Thursday, April 20 at 9.00 a.m. for you to receive the Ambassador of Chile. He desires to present you with a small plaque from the Chilean Air Force to commemorate the RCAF airlift of food and medical supplies to Chile following the disastrous earthquakes in the southern part of that country last May.

2. The following outline of the assistance that Canada rendered to Chile in this regard may be helpful to you. As you know, I arrived in Santiago, Chile on Thursday, May 26, shortly after the earthquakes had occurred. Over 500,000 people had been rendered homeless and the damage totalled hundreds of millions of dollars. Having ascertained from Chilean authorities their most urgent requirements, I telephoned you the same day.

3. The Canadian Government immediately took steps to send aid and by Saturday afternoon, May 28, had dispatched complete medical equipment for a 30-bed field hospital, 40 stretchers, 160 blankets, and extra instruments and dressings. These supplies were transported by RCAF

North Star aircraft which arrived in Santiago on Tuesday, May 31. In addition, Canada sent 50,000 water sterilization tablets, 10,000 penicillin and 10,000 tetracycline tablets, and 40 pounds of refrigerated anti-tetanus toxoid and tetanus vaccine. A total of 46,300 pounds of freight, including canned meat, were flown to Chile by June 3, five North Stars being used for the entire operation. Following their arrival in Chile, the RCAF planes operated a shuttle service to the stricken areas.

4. In all, the Canadian Government contributed 9,832 tons of flour to Chile, and 1,000,000 pounds of canned pork. This was apart from $25,000 for medical and other supplies, donated from the International Relief Fund, which is administered by the Canadian Red Cross, in consultation with the Department of External Affairs.

5. It is of interest that Mr. Tremblay, the Canadian Ambassador in Santiago, recently visited the regions of Chile which had been devastated by the earthquakes. He was shown records of the distribution of Canadian flour in 1 to 5 kilo flour sacks to hundreds of recipients. Mr. Tremblay reported there was no doubt our timely assistance, quite apart from other considerations, had enormously enhanced Canadian prestige in Chile.

H.C. G[REEN]

CHAPITRE X/CHAPTER X

AFRIQUE
AFRICA

PREMIÈRE PARTIE/PART 1

TOURNÉE DE PIERRE DUPUY EN AFRIQUE, LE 6 NOVEMBRE AU 22 DÉCEMBRE 1960
TOUR OF AFRICA BY PIERRE DUPUY, NOVEMBER 6-DECEMBER 22, 1960

660. DEA/10301-M-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], October 4, 1960

PROPOSED AFRICAN TOUR BY MR. PIERRE DUPUY

In a recent letter the Ambassador to France describes in detail a proposal which he mentioned earlier in general for a visit to a number of countries in Africa. Mr. Dupuy suggests that the objectives of the trip would be two-fold: first, to acquire information of these countries and secondly, to demonstrate Canadian interest in their development.

2. His plan calls for a visit to each state of the French community, together with a few other countries which are on the route. He would start in Ethiopia and go down through East and then West Africa on a trip which would take him away from his post from November 6 to December 21. He suggests taking with him Mr. McPhail, the Second Secretary, and a Canadian Army officer, Major Stewart. He calculates that the air travel of the entire trip would be approximately $1,500 per person. I believe that this trip would be useful for the reasons that the Ambassador has suggested. Mr. McPhail himself visited some of the countries of the French community and was able to supply us with information and interpretation in an area about which our direct knowledge is limited. One value of the trip would be the opportunity to show Canadian interest in a number of states in Africa, particularly those of the French community.

3. I should be glad to know whether you approve of the proposal.[1]

N.A. R[OBERTSON]

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[1] Note marginale :/Marginal note:
OK. H.C. G[reen] 5/10

661. DEA/14020-C-14-3-40

Note de la 2e Direction économique pour la Direction du Commonwealth

Memorandum from Economic (II) Division to Commonwealth Division

CONFIDENTIAL [Ottawa], October 17, 1960

Reference: Your Memorandum of October 7, 1960†

MR. DUPUY'S TOUR OF AFRICA

The subject of Canadian economic and technical assistance will undoubtedly arise in many of the conversations which Mr. Dupuy will have on his tour through the newly emergent countries of French-speaking Africa. In this connection our Ambassador should make clear to his interlocutors that at the present time Canada has no bilateral programme under which aid could be offered to these countries, and he should not suggest that any change in this policy is likely to take place in the immediate future. Mr. Dupuy may be interested to know that Modibo Keita, the President of the Mali Republic, wrote to the Prime Minister some time ago requesting assistance in the field of education. In his reply† Mr. Diefenbaker gave no indication that Canadian financial assistance would be forthcoming.

2. With bilateral aid out of the question at present, Mr. Dupuy should probably emphasize in his discussions the contribution which Canada is making to the technical assistance programmes of the United Nations, through which it is to be hoped, French-speaking Africa will derive increasing benefits. On October 13th the Canadian Government announced that its contribution to the Expanded Programme of Technical Assistance and to the Special Fund would be increased in 1961 by $500,000 to a total of $4.5 million. Because of the bilingual nature of this country it is to be expected that the United Nations will call upon Canada to provide a considerable number of training places for French-speaking experts for service in Africa. We should welcome the opportunity to assist the United Nations programmes in these ways.

3. Although discussion of economic development may prove somewhat difficult in view of our inability to offer bilateral assistance, Mr. Dupuy might be able to obtain information about current and projected development plans, prospective sources of assistance and the types of aid most urgently needed which would be of general interest to us.

4. If Mr. Dupuy visits Ghana and Kenya, as suggested in your telegram K-368 of October 8, 1960,† he may encounter questions about SCAAF, although Mr. Fleming and Canadian officials were in Accra very recently. There is nothing to add to what was said on that occasion as specific details about projects or country allocations have not yet been worked out.

A.S. MCGILL

662. DEA/10301-M-40

Extrait du rapport de l'ambassadeur en France

Extract of Report by Ambassador in France

CONFIDENTIAL [Undated; Tour in November-December, 1960]

. . .

INTRODUCTION[2]

Canada enjoys in Africa a reputation — one could say a prestige — which few non-Africans, and even Canadians, are fully aware of. This is no new development. From our first conversation onwards with African authorities, we heard of the high regard for and the gratitude they owe to Canadian educators, who can be found, as missionaries and laymen, almost everywhere in universities (Khartoum, Addis Ababa), in secondary colleges (Tananarive, Yaoundé), in normal schools (Togoville), in technical institutes (Douala), without mentioning primary schools all over the continent. Many of the Government leaders we met had studied under Canadian teachers and seemed pleased to have an opportunity of expressing their feelings to Canadian officials. This is the background of African sympathy towards Canada.

There are also more recent reasons that explain such admiration for our country. The fact that Canada, a former French and British colony, has grown into a modern nation, full of dynamism, constitutes an encouraging example for newly born states starting on the road of international cooperation and economic development. We heard much praise of the role played by Canadian delegations at the United Nations and international conferences. As a middle power we appear interested in protecting minor ones. Moreover, the problem of racial discrimination has scarcely arisen with our people, who cannot be suspected, because of our number and vast territory, of any expansionist ambitions.[3] Commenting on this privileged situation, His Imperial Majesty Hailé Sélassié I concluded that Canada had gained such confidence with the Africans that often it could willingly be accepted as a guide and arbiter in African affairs.[4]

Under these conditions, it is not surprising that the welcome extended to our mission should have been so cordial and effective. Arrangements had been made in advance through the appropriate African diplomatic representatives in Paris so that on arrival in each capital we were presented with a timetable for interviews already requested and with suggestions for completing the programme. In Tananarive, Brazzaville and Abidjan we were guests at the official residence. In Ethiopia, the Government paid for our hotel accommodation. Finally, transport facilities were provided in most countries.

It would have been difficult to expect a mission passing through at the pace mentioned in our preceding itinerary† to collect all the information available in this report if it had not been for the confidence and generosity of African leaders. Our first call was naturally on the Head of State to present our respects and to acquaint him with the double objective of our mission,

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2 Note marginale :/Marginal note:
Terms of ref of mission not set out. Why did they go?[D.B. Wilson]

3 Note marginale :/Marginal note:
Non sequitur? [D.B. Wilson]

4 Note marginale :/Marginal note:
Cum grano salis. [D.B. Wilson]

good-will and information.[5] Afterwards, we had interviews with the Prime Minister, the Minister of Foreign Affairs, the Minister of Education, Ministers responsible for financial and economic affairs, and others. In most instances, we were able to have talks with the United Kingdom, French and United States Ambassadors. Luncheons, dinners and receptions were organized in our honour, which enabled the Mission to meet numerous parliamentarians, business men and other prominent members of the community. At some of these gatherings, we had the impression of attending a Cabinet meeting. Whenever distances permitted we made it a point to visit Canadian residents. The press, and particularly local radio stations, requested interviews, which of course were granted with pleasure.

In the English speaking territories our contacts with the authorities, Governors General or Prime Ministers or Ministers of the Crown or high-ranking civil servants, were greatly facilitated by our Canadian representatives on the spot, diplomatic or trade. It was such a pleasant impression to find so far away from home, in Salisbury, Lagos and Accra, colleagues who greeted us like members of the family and gave us an interesting description of the local situation.

This report will avoid using statistics that can be found in most almanac and year books, and also will avoid repeating the information already submitted last year by Mr. McPhail, Second Secretary, Paris Embassy, after he had visited many of the same countries. In the first part, it will concentrate on the political conditions prevailing in the countries visited and their foreign relations as seen in the general perspective of Africa and the rest of the world. This will lead us to conclusions and, where appropriate, recommendations of both a general character and with particular reference to Canada. The second part, the annexes,† will contain the minutes of our conversations with African leaders and the notes utilized as a basis for our analysis.

. . .

Future of Communism in Africa

We have no intention to prophesy. We only wish to report on what we were told by African leaders and others. At one extreme, we put the Foreign Minister for Sudan. His opinion is quite definite: "Africa will be communist. What does it matter to Canada." The French Governor General in Djibouti is convinced that the Soviet menace, Russian and Chinese, will become serious in five years' time. The Foreign Minister in Addis Ababa considers that Soviet pressure can only be resisted through concerted western action. In Madagascar, the authorities believe they have the Communist Party under control, although they agree that its strength in the country is more important than indicated by its parliamentary representation. According to Commander Hénard, Head of the Information Bureau in Yaoundé, the Cameroun Government have no doubt that the Bamileké rebellion was fermented to the largest extent by the communists through their agent Félix Moumié. The present quieter period is no guarantee for the future.

On Communist Chinese infiltration in Africa one might be puzzled about their activities. Are they competing with the U.S.S.R.? What are their ultimate objectives? The following story might lead to an answer. When, in order to prepare our mission, I called on General Corniglion Molinier, temporary representative of the République de la Côte d'Ivoire and a close friend of its President, he acquainted me with the latter's following experience. At the end of the last war, Dr. Houphouet-Boigny was chosen to represent the Ivory Coast in the Chamber of Deputies, Paris. On his arrival here he was welcomed by Communist M.P.s who

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[5] Note marginale :/Marginal note:
What does this mean? [D.B. Wilson]

put a flat and an office at his disposal. At the time General de Gaulle had formed a coalition Government including a few Communist Cabinet Ministers. Without joining the Communist Party or their Parliamentary Group, Dr. Houphouet-Boigny was on good terms with them. Thus, he was invited to join a party of French Deputies leaving for a visit of the U.S.S.R. as guests of the Soviet Government. He accepted. In Moscow the programme included a number of lectures. At one of them Dr. Houphouet-Boigny heard Mr. Manuilski stating that the future of China was in Africa. The African continent was under populated and China could afford to send there two or three hundred million of its own people.

I took advantage of my interview with President Houphouet-Boigny to ask him whether the story was true. He readily confirmed it, adding that at the time such ambitions had appeared to him almost as day-dreaming. But now, confronted with Chinese tactics in Africa, he is not far from believing that this is their long-term objective.

Mr. Bagana, already referred to as a Congolese Foreign Office official in Brazzaville, was the only African in a country which is not pro-Marxist who stated that he saw no threat coming from the East. Without going as far, Father Mondor, Assistant Superior of the White Fathers, thought that the Soviet menace was less dangerous because more Africans were becoming aware of it.

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Aid

This question arose in all our discussions with Government authorities. Without exception, they expressed a preference for aid on a bilateral basis. Why? In their opinion, the machinery set up by international bodies is too slow, cumbersome and wasteful. We think a distinction should be made between financial and technical aid on the one hand and purely educational assistance on the other. The first two perhaps should pass through international channels because of the highly specialized administrative machinery required, while the third might be dealt with directly.

In the matter of education, it is less a question of pooling resources for anonymous distribution than establishing a life-line with a country by offering moral and intellectual guaranties for the training of its cadres. The future stability and satisfactory evolution of their respective states will depend on the quality of the education provided their young. Basically, it is therefore a question of confidence and Canada is enjoying such confidence to a degree which is usually not realized in our country. Without exaggeration, we can say that we are coming on top of the list in the mind of most African leaders. They think that with us their students will not suffer from racial discrimination as in the United States or even England. This is so important to avoid reactions that might lead to an inferiority complex or worse to hostility against the West. Then comes the question of language. Most of these young people have started their studies in English or French and it is known they will save at least a year if sent to Canadian schools or universities. Canadians have the reputation of being simple, easy-going, gay, dynamic, hospitable and interested in sports. No background would appear more attractive to Africans. Above all, we are not too big and too old. We are not contaminated by subversive doctrines and our democracy can be accepted as an encouraging example.

In the field of education Canada is definitely in a privileged position to meet the request of Africa and, at a rather low cost, to contribute in her transformation into an element of stability and prosperity in our modern world.

We shall revert to this question of aid, when examining the training of cadres more in detail.

Disarmament

We have found generally little interest in the problem among African leaders. They seem to think that it belongs to bigger ones than themselves since their military forces are already so limited. In fact, they would like to increase their number for reasons of national security, but more on the basis of a police organization. What they know about the purchase and smuggling of arms in Africa appears to be in contradiction with flamboyant declarations. The Sudan Foreign Minister is the only one who dared to say that he did not believe at all in disarmament. However, although their interest is focussed on more national issues, the new African Governments have enough sense of responsibility to cast their votes, at the U.N. Assembly, in support of proposals that will appear to them serious and constructive. It would be worthwhile to maintain contact with their delegations in New York and supply them with all the information available.

Canadian Delegations

We had the satisfaction of hearing how much the work of the Canadian Delegations to the U.N. is appreciated by the new African states.

In Khartoum, Addis Ababa, Abidjan and other capitals, the leaders had been particularly impressed by the speech delivered by our Prime Minister at the Assembly[6] which they considered one of the best for his courageous, clear and constructive approach.

Mr. Khrushchev's Utterances

They were considered as the confirmation of the absence of real parliamentary life in the U.S.S.R., therefore as a proof of inferiority. Propaganda was the objective but it turned in the wrong direction.

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TRAINING OF CADRES

Urgency of Problem

Every African leader, whether he belongs to an old or a newly-born African state, agrees on the point that the future of Africa depends on the training of its cadres. Even in countries having benefited by enlightened colonial administration, we were told that the number of professors, civil servants, medical doctors, engineers and technicians was still far below national requirements. In less privileged countries, the situation is sometimes dramatic. Behind a façade of government, there is an almost complete vacuum for lack of trained personnel. Unless the necessary measures are taken without delay to help these new states, they will be in danger of crumbling into chaos with all the unpredictable consequences for world stability.

For more than a century, primary education has been given by Christian missionaries. It is from this crust of literate Africans, that the more intelligent elements have been recruited for further studies in Europe, and have become the present leaders. In the last years, much progress has been achieved in the field of elementary education thanks to international aid and local initiative. The impetus is on and should increase with the greater facilities offered by the modernization of the Continent. However, at this stage, the pressure is for the development of secondary and higher studies because of the urgent need for cadres.

Secondary Education

In most of the countries visited, at least one college or lycée has been created in the last decade or so. The colleges are usually private institutions under the control of religious orders. They often benefit from state subsidies. The lycées are government-owned, depending on the

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[6] Voir/See Canada, Department of External Affairs, *Statements and Speeches 1959-60*, No. 60/32.

Ministry of Education, and their professors are in majority European laymen. Whether they belong to one or the other category, all these establishments are faced with the same problems: recruiting professors, opening new classes, building a new wing, finding more funds. There is little originality about all this and one does not need to go to Africa to find such difficulties. Elsewhere, however, the difference is between more or less, while in Africa it is between a minimum and nothing, it is of vital urgency for the world at large.

England and France have sent hundreds of professors to Africa before and since independence took place. In the first instance, it only meant extending to overseas territories the system of education in force in the metropolis. Since then, it has been found possible, through bilateral agreements, to maintain practically the same facilities. In other words, English and French professors were seconded for a period to a colonial administration, while protecting all their rights with the London or Paris Ministry of Education on matters of salary, promotion and pension. This is still the case at present. From the point of view of Canadian professors, conditions are quite different since, in general, they accept a post abroad on a free-lance basis. We discussed the question with fellow-countrymen now teaching in Addis-Ababa. According to their calculation, salaries in Ethiopia are 30% inferior than in Canada with the result that Canadians are now leaving the country at the end of their contract. The Emperor asked our Mission whether something might not be done by Canada to compensate for their loss. We promised to submit the question in our report. It is known that the U.K. and France have agreed to such compensation.

We met in Conakry a Canadian professor having been recruited through a U.S. organization, that had contacted Canadian Universities to find a French-speaking professor in mathematics for the local lycée. He had come from the "Université de Montréal." In his opinion, recruitment would be much easier if a Canadian office were set up for the purpose either on government or university initiative. At least, our people would not be taken for Americans, and the credit would benefit our country.

The superiors of the Canadian secondary institutions in Tananarive, Yaoundé and Togoville have invited our Mission to visit them. In each of the colleges, it was a matter of pride to see what our people were achieving under difficult climatic and material conditions. Details about their work will be found in the attached pamphlets as Annex [blank]. Naturally, they spoke to us about their needs, but in such a discreet way. For them, there is no question of salary, but merely of food and shelter, of the opportunity of sending to a moderate climate professors having spent too many years in the tropics, of the pressure for new classes and equipment. Whatever our Government may decide on educational aid in Africa, we think a gesture should be made to acknowledge the effort of these Canadians, who have served with such devotion the good name of Canada and our common Christian ideals.

In African countries having not yet organized their secondary education, the only alternative is to send their gifted students abroad. Canada appears to enjoy top priority, because of our two languages, our education system, our atmosphere of moral security and generous hospitality. These reasons have been repeated to us again and again, to which we must add their preference for bilateral agreements. We have been persuaded that scholarships are the best means of rendering to Africa the greatest service at the lowest cost.

It will be seen in the document (Annex [blank]) setting forth the request for financial aid received from the Republic of Cameroun that they are interested in the building of schools. This is obviously of great importance, but since no foreign government is in a position to ascertain the order of priority for such requests, we consider they should be submitted to U.N.E.S.C.O. for multilateral aid.

Universities

The question of recruiting university professors is more important than in the case of secondary education. Conditions vary from country to country. In Khartoum, we discussed it with the Vice-Chancellor of the University and Dr. Wise, Canadian Dean of the Faculty of Economics. The former said that if there was a chance of finding in Canada professors of the London School standard, he would not hesitate to send his assistant to visit our Universities. It would, however, be easier if such inquiries could be directed to a Canadian Bureau in charge of relations with Foreign Universities. We heard the same remark at University College, Addis Ababa, and at the University of Salisbury. They would be interested in recruiting English-speaking professors.

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CONCLUSIONS

A. *Political*

1. Africa is in a fluid state and instability will prevail for many years to come;

2. The reasons for this instability are:

(a) the gap between the ignorance of the African masses and the aspirations of their leaders;

(b) economic and social under-development;

(c) the East-West struggle.

3. The present frontiers between African states are an inheritance of the colonial era and will have, as time goes on, to be adapted to geographical, ethnological, political and economic exigencies;

4. In this transformation, the French speaking African states are bound to play a leading role because of their greater intellectual and political maturity;

5. It would be a mistake to try to model Africa according to Eastern Marxist standards or Western Parliamentary Democracy;

6. The present African leaders have enough stature to evolve a political system of their own which will be more suitable to African evolution;

7. Africa has become a battlefield of the cold war;

8. The future of Western civilisation depends on a free Africa;[7]

9. Western positions in Africa are still by far the strongest, but only through concerted action will the Western powers be able to consolidate them.

B. *Economic*

1. African economic development is an essential condition to avoid future chaos;

2. Economic development can only be achieved through foreign aid, financial and technical;

3. To modernize Africa according to Western standards, it would take more capital than the West can afford to invest;

4. At this stage, attention should be concentrated on good planning in order to establish a list of priorities;

5. Transport and irrigation projects appear of first necessity to improve the living conditions of the African masses;

6. For a long time, African life is bound to remain mostly agricultural and pastoral;

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[7] Note marginale :/Marginal note:
!? [D.B. Wilson]

7. Infra-structure projects will have to be financed more through foreign public funds than private investments;

8. African Governments will accept aid from international organizations, but give their preference to bilateral agreements;

9. Foreign aid should concentrate less on spectacular projects than on those likely to employ maximum labour;

10. The African Government requesting and obtaining aid should, in the eyes of its population, have more merit than the foreign Government granting it.[8]

C. *Social*

1. Africa is still a classless continent;

2. Industrial concentrations should avoid creating a proletariat that could fall an easy prey to demagogy;

3. Christian missionaries are still an essential factor in Africa's peaceful evolution;

4. White medical doctors and nurses in African hospitals and dispensaries are winning the hearts of the small people for the West.

D. *Educational*

1. Secondary and university studies are considered the only way of forming the cadres desperately needed in all African countries old and new;

2. The effort involved is out of proportion with African possibilities as they exist today;

3. Foreign aid is therefore required:

(a) for the development of present establishments and the creation of new ones;

(b) for the recruitment of foreign professors teaching in English or French;

(c) for scholarships allowing African students to complete their studies abroad;

(d) for fellowships allowing more advanced African specialists to visit installations and study methods abroad.

E. *Canadian*

1. Canada is enjoying a prestige in African minds that seems almost unbelievable;

2. We are benefiting from comparisons made with other Western countries, whose colonial past, racial prejudice or economic expansion have caused much criticism;

3. Canadian participation in world affairs has been highly appreciated as objective, constructive and friendly;

4. Canada is considered a safe country, that is uncontaminated by Communist influence;

5. For all these reasons, the presence of Canadian diplomatic missions would be warmly welcomed in all parts of Africa;

6. It is the conviction of many of the African leaders we have met, as it is our own, that African confidence in the soundness of Canadian political judgment is such as to make Canadians acceptable as advisers, guides and arbiters in African affairs.[9]

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[8] Note marginale :/Marginal note:
What does this mean? [D.B. Wilson]

[9] Note marginale :/Marginal note:
But do we want to play Big Brother? It's a big, and continuing, assignment. [D.B. Wilson]

RECOMMENDATIONS

1. In order to discuss the question of Western concerted action in Africa, we recommend a meeting to which would be invited the Heads of the African Divisions in the U.K., U.S., French, German, Canadian, Belgian and Dutch Foreign Offices.[10] This first contact would allow the exchange of information and, if possible, the drafting of general lines of cooperation. On presentation of their report, the respective Governments would be able to see whether this method of approach is constructive or not. In the affirmative, further meetings could be arranged, eventually at higher level, but always without any publicity. Portugal has been left out for obvious reasons.[11] As to the other NATO partners, they appear less concerned with African affairs and their presence would give the meeting this NATO label which our African friends are so anxious to avoid in their relations with the West.

2. We recommend the establishment of Canadian missions in the following order of priority:

(i) A mission in Addis Ababa to cover Ethiopia, Sudan, Madagascar, and later should this prove feasible Somalia;

(ii) With equal priority: mission in Yaoundé to cover Cameroons, Togo and Gabon;

(iii) and a mission in Abidjan to cover Côte d'Ivoire, Haute Volta, Niger and Dahomey;

(iv) Extension of territory of mission in Accra to cover Guinée and Mali;

(v) Extension of territory of mission in Leopoldville to cover Central African Republic, Tchad and Congo (Brazzaville);

(vi) A mission in Dakar to cover Senegal, Mauritania and Liberia, and later on Sierra Leone if these two latter prove feasible.

3. We recommend the creation in the educational field:

(a) of a Canadian Bureau, composed of Federal, Provincial and University representatives, to deal with requests for professors received from African Governments or colleges or universities;

(b) of a number of scholarships for African students both at secondary and university level;

(c) of a few fellowships for African experts wishing to visit Canadian organizations and study our methods.

4. Canadian contribution to aid could be one third financial, given through international organizations, and two thirds through bilateral agreements concentrating on educational facilities.

5. We recommend the sending of a Canadian Trade Mission to Africa to explore exports possibilities in public works equipment and agricultural implements.

PIERRE DUPUY

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[10] Note marginale :/Marginal note:
Not Portugal, I see. Nor Spain almost as bad. [D.B. Wilson]

[11] Au cours de l'année 1960, le Portugal a été l'objet de critiques pour son refus de fournir aux Nations Unies de l'information sur ses territoires africains.
During 1960, Portugal came under criticism for its refusal to provide information on its African territories to the United Nations.

CHAPITRE XI/CHAPTER XI
SOUVERAINETÉ DANS L'ARCTIQUE
ARCTIC SOVEREIGNTY

PREMIÈRE PARTIE/PART 1

PASSAGE DU SOUS-MARIN NUCLÉAIRE AMÉRICAIN *SEADRAGON* DANS L'ARCHIPEL ARCTIQUE
PASSAGE OF THE U.S. NUCLEAR SUBMARINE *SEADRAGON* THROUGH THE ARCTIC ARCHIPELAGO

663. DEA/9057-40

Extrait d'un telegramme de l'ambassadeur aux États-Unis pour le secrétaire d'État aux Affaires extérieures

Extract from Telegram from Ambassador in United States to Secretary of State for External Affairs

TELEGRAM 1117 Washington, April 28, 1960

CONFIDENTIAL. CANADIAN EYES ONLY. PRIORITY.

PASSAGE OF USA SUBMARINE *SEADRAGON* THROUGH ARCTIC ARCHIPELAGO

The naval attaché, Commodore Robertson, has informed us that the Secretary, USA Section, Military Cooperation Committee, has advised the Secretary of the Canadian Section under MCM-833 of 25 April 1960 as follows: "(1) In order that Canadian military authorities may have advice of USA intentions, the following date is provided as a matter of info on a USA navy project. (2) During August-September, 1960 USA navy intends to transfer the USS *Seadragon* (SS(N)584) from the Atlantic fleet to the Pacific fleet. (3) The planned route is via Baffin Bay, Lancaster Sound, Viscount Melville Sound, McClure Strait, thence via the Arctic Basin and Bering Strait to the Pacific Ocean. *Seadragon* will conduct under-ice exploration and scientific studies while in the Arctic Basin. The duration of the voyage will be about thirty-five days."

2. It is our understanding that Commodore Robertson has been invited to make the trip with *Seadragon* and has accepted, subject to naval headquarters approval. Meantime Commodore Robertson is sitting in on USN meetings at which plans are being laid for this voyage and has undertaken to keep us informed of developments.

3. We understand that the above-quoted text is intended as early advance info of the USN's plans. Commodore Robertson understands that later a request for permission will come forward in accordance with procedures governing entrance of USA vessels into Canadian waters.

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664. DEA/9057-40

Le représentant de la Défense nationale,
Comité interministériel sur les eaux territoriales,
au chef du Comité interministériel sur les eaux territoriales

National Defence Member,
Interdepartmental Committee on Territorial Waters,
to Chairman, Interdepartmental Committee on Territorial Waters

Ottawa, June 8, 1960

Dear Mr. Cadieux:

Further to my letter dated 9 May, 1960 concerning the transfer of the nuclear submarine USS *Seadragon* from the Atlantic to the Pacific Fleet via the Northwest Passage, attached for information is a copy of the message received from the USN through the Naval Member Canadian Joint Staff Washington.

It is noted that the USN have requested Canadian concurrence for the proposed transfer of *Seadragron* via Lancaster Sound, Viscount Melville Sound and McClure Strait during period 1 to 20 August 1960. This request is in accordance with Canada-US agreed clearance procedure for visits by public vessels between Canada and the United States (Local Notification Procedure). Copy of this procedure is attached for information.

The passage of the *Seadragon* is classed as an operational visit and in such cases normally notification only is required on a service to service basis.

Subject to the concurrence of the Interdepartmental Committee, it is proposed to forward concurrence to this passage. No reply will be made to MCCM 833 dated 25 April 1960 as this was purely an informative memorandum.

It is requested that this may be given earliest consideration to ensure that the reply to the USN request is not delayed.

LIEUTENANT-COMMANDER E.M. JONES

[PIÈCE JOINTE/ENCLOSURE]

Le représentant de la marine canadienne à l'état-major conjoint
à l'état-major canadien de la marine

Naval Member Canadian Joint Staff,
to Canadian Naval Headquarters

ROUTINE. CONFIDENTIAL. Washington, June 27, 1960

Reference: My Ltr NMWC 1650-15-1 dated 1 Apr 60.†

Following despatch received from Chief of Naval Operations "further to MCCM 833 dated 25 April concerning transfer USS *Seadragon* (SSN 584) from Atlantic fleet to Pacific fleet. Preliminary planning studies have been completed and it is now proposed to transfer *Seadragon* via Lancaster Sound CMM Viscount Melville Sound and McClure Strait during period 1 to 20 August. Request you obtain Canadian concurrence."

2. Request reply.

665. DEA/9057-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET. CANADIAN EYES ONLY. [Ottawa], June 10, 1960

CANADIAN POSITION IN RELATION TO ARCTIC WATERS: PASSAGE OF THE U.S.S. *SEADRAGON*

You will recall that Canadian Naval Headquarters received notification of the intended transfer of the Nuclear Submarine *Seadragon* in August or September of this year from the Atlantic to the Pacific through the Northwest Passage. You have been considering the implications of this notification and the reply which might be made to it.

The earlier notification from the United States was apparently only preliminary advice that the passage was being considered. The transfer of the vessel to the Pacific has now been decided upon and "Canadian concurrence" for the voyage has been requested. This request will greatly strengthen our claim to the waters of the Canadian Archipelago as Internal Waters. It is recommended, therefore, that advantage be taken of this development and that the request be granted in accordance with the Canada-United States agreed clearance procedure for visits by public vessels between Canada and the United States by a reply being sent on a service to service basis.[1]

N.A. R[OBERTSON]

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[1] Note marginale :/Marginal note:
SSEA would like channel of reply carefully considered from point of view of protection of sovereign claim to waters. R. C[ampbell] 10/6
La réponse a été envoyée par la voie militaire.
The reply was sent through service channels.

CHAPITRE XII/CHAPTER XII
IMMIGRATION

666. PCO

Note du ministre de la Citoyenneté et de l'Immigration pour le Cabinet

Memorandum from Minister of Citizenship and Immigration to Cabinet

CABINET DOCUMENT NO. 46-60 Ottawa, February 15, 1960

CONFIDENTIAL

CANADA'S IMMIGRATION POLICY

Immigration in Population Planning

A policy of national development, to which this Government is dedicated, necessarily involves population planning — or at least the development of basic concepts as to the quality, optimum size and rate of growth of the population. Population is affected by the birth rate, the mortality rate, the emigration rate and the immigration rate. All of these, except immigration, are relatively independent variables. For Canada, immigration is the most acceptable and most immediately effective means of population planning.

Canada's Need for Immigrants

Canada requires a larger population. Aside from the material advantages to be gained, there is doubt that a small population can indefinitely claim exclusive rights of occupancy of Canada's immense territory in the face of world population pressures. Nor can a small population resist indefinitely the more benign influences from the South. If Canada is to survive in the form most Canadians would wish, it is necessary to populate our land — but according to *Canadian* policies and interests, rather than from external pressures. It is difficult to persuade anyone to accept such realities without convincing them there are material advantages which will outweigh the initial disruptions which many feel are created by immigrants. The Government is fortunate that the economic advantages of immigration, both immediate and long-range, are so apparent.

Without going into detail, the most important of the traditional Canadian arguments in favour of sustained immigration are the following:

(i) A small population in a large country results in high per capita cost of government, transportation, communications, defence, etc.

(ii) Expansion of the domestic market encourages the attraction and/or development of units of production which cannot be based economically on a far-flung low-density market.

(iii) A larger consumer's market in Canada could reduce this country's dependence on imports and exports and consequently make it less sensitive to economic fluctuations in other countries.

(iv) New population stimulates economic, political, and social activity. It can be argued that the unusually large flow of immigrants in 1957 gave our economy a massive stimulation which may have prevented a graver and more prolonged recession.

Socially too, there is widespread belief that Canada requires a larger population base for support of a higher level of cultural independence and creativity.

During the five-year period 1955 to 1959, inclusive, only about 1.2 million young adults reached mature working age — this will increase to 1.3 million in 1960 to 1964 and jump to 1.7 million in 1965 to 1969. If the economy continues at its present rate of growth, i.e., to provide for new jobs for about 1.4 million workers (including immigrants) every five years, what will happen to the 300,000 young adults for whom jobs may not be available in 1965-69? Rejecting emigration (the remedy sought by countries such as Italy for the consequences of its 1930 high birth rate policies), there remains one acceptable solution — to force the rate of growth of the economy, particularly in the first half of the next decade, in order to enable the easy absorption of the anticipated surge into the labour force in 1965-69. For this purpose, it will be necessary to inject at least 350,000 immigrant workers into the labour force over the period 1960-64, as compared to 250,000 in the period 1965-69. Since only half of all immigrants are workers, and assuming a continued emigration in this period at the rate of 60,000 annually, this will result in a total net immigration of 700,000 in 1960-64 (a gross flow of one million), and 500,000 in 1965-69 (a gross flow of 800,000), or an average net inflow of 140,000 in 1960-64 (gross 200,000) and 100,000 in 1965-69 (gross 160,000).

Immigration Goals

Assuming that Canada requires a larger population and that immigration is the most acceptable means of bringing this about, assuming that immigration can be used to make short-term labour force adjustments — what rate of immigration is most desirable?

The easiest course of action is to continue the passive policies of the past, and as the economy creates vacancies for jobs which cannot be met internally, seek immigrant workers for such purposes. In terms of the present supply situation for immigrants, however, this approach is self-defeating; a passive attraction does not enable the administration to compete for immigrants.

The alternative is to operate on the premise that there are objectives to be met, and utilize immigration policy as one of the means of attaining the aims established by national policy. For example, if there are reasons why a population goal must be set (for example, the Prime Minister's estimate in his speech of January 12, 1959, to the Convocation of the University of Toronto, that Canada's population will reach 30 million in 1979, would require an annual gross immigration flow of about 1¼%) then immigration is the only acceptable forcing device to attain this objective. The immigration policy was used actively in past years of Canadian development, i.e., 1903-1914, when, to open up the Canadian West, immigration was allowed to reach an average of 225,000 annually — equivalent to 3 per cent of the population, reaching a peak in 1913 of over 400,000 or 5½ per cent of the population at that time.

Under such an active policy it might be argued that immigration should be encouraged to the maximum rate at which the economy has been able to absorb immigrants successfully in previous active periods. During the past decade, the immigrant absorption rate averaged one per cent of the population, although the annual inflow fluctuated considerably (i.e., from .54 per cent of the population in 1950 and .63 per cent in 1959, as high as 1.30 per cent in 1951 and 1.70 per cent in 1957). The present high level of current activity and national income would seem to indicate that the economy has absorbed the past inflow relatively successfully; in fact, it raises the question whether more immigrants could not have been absorbed in 1959. It should, therefore, be possible to base a long-range policy on the continuation of an average inflow of approximately one per cent. In any one year, depending upon the state of the economy of Canada and of the source countries, the gross immigration rate could range up to an upward figure of approximately 1.25 per cent in an active period of development or down to a minimum of .75 per cent in a less active period.

Frequent changes in policy decisions have resulted in arbitrary overall restrictions and expansions of immigration, which have become known as "turning the tap on and off." The

movement could be kept within the limits stated by counselling immigrants according to economic conditions in Canada.

Assuming annual gross immigration at an average of one per cent of the population, a natural increase of about 1.8 per cent, and an emigration rate of .4 per cent of the population annually, the population of Canada would grow at a rate of approximately 2.5% per annum, compounded, and the series can be projected as follows:

Year	Population (Millions)
1955	15.7
1960	17.8
1965	20.0
1970	22.3
1975	24.8
1980	27.8

This falls short of the Prime Minister's estimate of 30 million population by 1979; to achieve the Prime Minister's estimate would require maintaining gross immigration at 1.25 per cent of the population annually, or an average yearly flow of 275,000 immigrants.

The range of gross immigration for each of the minimum average and maximum levels would be:

Year	at 0.75%	at 1.00%	at 1.25%
1955	118,000	157,000	196,000
1960	132,000	178,000	224,000
1965	150,000	200,000	250,000
1970	167,000	223,000	279,000
1975	186,000	248,000	310,000
1980	209,000	278,000	347,000

These control ranges are depicted in the chart which is attached as Appendix I.†

The Need for a Dynamic Policy and Programme

Since 1955 (except for the Suez and Hungarian crises which caused increases from mid-1956 to the end of 1957), Canada has experienced difficulty getting as many suitable migrants as could be absorbed by the Canadian economy. There seem to be two prime causes of this decline: First, the supply of immigrants is decreasing, largely because of the brightening economic climate in the United Kingdom and Europe, and second, Canadian timidity and vacillation in immigration policy and programming.

Canada has a natural advantage in competing for migrants — our proximity to Europe. We can compete for immigrants successfully either by changing our patterns of preference in migrants, i.e., accepting more from Southern and Eastern Europe, or by wooing prospective migrants carefully, convincing them of Canada's desire for immigrants and our confidence in our own future. Certainly we can no longer afford to change immigration to meet every economic fluctuation, for migrants once discouraged cannot be picked up again later.

A dynamic and stable immigration policy may enable Canada to get the immigrants needed, at worst it may prevent immigration from declining beyond the present level of 40,000 (net) annually. Sources of immigrants which could be developed with consistent promotion are:

(i) *The United Kingdom*. There is a strong feeling in the U.K. that Canada has a boom or bust economy which is unsafe for migrants.

(ii) *The Netherlands*, which since World War II has maintained strong sentimental ties with Canada and was once a major source of immigrants. Vacillation of selection policies based on annual "tinkering" with the immigration programme has discouraged many would-be

immigrants, even though the Netherlands has a stated policy of encouraging emigration in order to relieve population pressure.

(iii) *Scandinavia and Germany* could produce more migrants with maintained effort.

(iv) *Belgium.* With the potential loss of the Congo as the goal of the greater number of its immigrants, Belgium could be developed as a source of many desirable Canadian settlers.

(v) *Spain and Portugal* have a good potential for migration to Canada but must be handled carefully in view of governmental attempts in those countries to interfere in Canadian selection.

(vi) *Italy and Greece* present an almost unlimited supply, including many desirable migrants.

Careful selection from these sources requires development, planning, and long-range commitments.

During the first decade after World War II, Canada enjoyed a period of expansion and prosperity in which immigrants were needed in almost numberless volume. At the same time Europe overflowed with those eager to migrate. Immigration policy as stated in 1947 was "selective," a cautious relation of abundant supply to almost limitless demand. The conditions which made such a simple policy acceptable have largely disappeared.

Immigration administration since this time consisted largely of adjusting the flow. Since the policy was not forward-looking or geared to any type of planning, there evolved from it a form of annual immigration programming consisting of a guess based on the previous year's performance and the coming year's prospects. This was about all the policy would permit and the result has been spasmodic (the "tap on and off" system). It is true that 1½ million immigrants came to Canada in this period but it can be argued they came here in spite of the efforts at immigration programming rather than because of them. In fact, Canadian labour shortages were so acute and Europe's population pressure so great in this period that much of this flow of immigrants would have been difficult to prevent.

There are notable drawbacks to annual immigration programming. For instance: Difficulty is experienced in planning and maintaining the facilities, particularly in terms of trained staff, needed to carry out immigration programmes. Another instance: It usually takes a long time for anyone to decide to migrate and during this period he studies the economic climate in his intended country of residence (this was pointed out by the Netherlands' Prime Minister during his visit to Canada) and an annual programme can only affect such a person adversely.

Summary:

Assuming the need for immigrants and accepting the fact that Canada can safely absorb an immigration flow of from .75 per cent to 1.25 per cent of our population annually, the policy could be defined as follows:

(i) Immigration should be endorsed as the means to stated population goals.

(ii) The economic advantages and need for immigrants should then be clearly explained to Canadians in order to develop the receptive atmosphere which is desirable for larger immigration movements.

(iii) The flow can be adjusted within its limits of .75% to 1.25% of population but it should not be adjusted negatively at less than two-year intervals. If an immigrant, because of high immigrant flow or lack of opportunity in a specific occupation, is advised to postpone his migration until the following year, it is essential that the Canadian Government be prepared to back up any commitment which is made. In other words, any adjustment to the immigration programme of a negative character should be made at least one full year in advance of the time when it is to become effective. This will probably cause some immediate criticism in Canada and perhaps even result in some immigrants being assisted with public funds for longer periods

during their initial stay in Canada, but unless this is accepted the entire concept of a positive immigration policy will collapse.

(iv) Movements of undesirable or unqualified immigrants should not be allowed to develop from some countries while suitable persons from those countries find it impossible to have their applications considered.

(v) The stabilization of immigration policy will permit the maintenance of a trained Immigration staff able to cope with reasonable problems and emergency situations.

THE UNDERSIGNED, THEREFORE, RECOMMENDS that the following be established as Canada's national immigration policy:

(1) For economic, political and moral reasons, Canada must accept a substantial flow of immigrants.

(2) Immigration policy should aim at an average flow equal to one per cent of the Canadian population with annual movements of from .75 per cent to 1.25 per cent of the population. In terms of Canada's present population, this would amount to an average annual immigration flow of 175,000 persons.

(3) Within these limits, immigration will be subject to regular review by the Minister of Citizenship and Immigration but negative adjustment will not be effective within one year of the time decisions are reached.

(4) The Department of Citizenship and Immigration will be given the authority to proceed with a programme designed to bring to Canada suitable, desirable and adaptable immigrants who will be of economic benefit to Canada, who will be able to establish themselves in Canadian social, cultural, political and economic life without undue hardship to themselves or hardship and dislocation to the Canadian communities in which they will settle.

Respectfully submitted,

ELLEN FAIRCLOUGH

667. PCO/I-1

Note pour le secrétaire du Cabinet

Memorandum to Secretary to Cabinet

CONFIDENTIAL [Ottawa], February 26, 1960

IMMIGRATION POLICY

I have studied Mrs. Fairclough's Memorandum to Cabinet of February 15th, and the first general observation that might be made is that it appears to emphasize a purely numerical approach to the problem of populating Canada, to the exclusion of a number of other important factors. It stresses the need to develop basic planning concepts as to the "quality, optimum size and rate of growth" of the population, without dealing with the first of these in any real sense at all. I do not consider that any effective long-term population planning can be done without serious and detailed consideration of the *qualitative* aspects of population growth, given that the growth of Canada's population will depend in large measure upon immigration. Presumably others more competent will comment on the purely political and economic aspects of the proposals set out in the Memorandum; my comments, for what they are worth, have to do with the social or cultural aspects of immigration policy in the context of Canada's national development.

I think there can be no doubt that any growing nation must attach importance to diversity in the nature of its people — diversity of interest, abilities, skills, ideas and desires. It is fair to

say that Canadian development so far is greatly indebted to these diversities in her people — diversities which in large measure have had their basis in national and ethnic variety. If this argument is valid, it should follow that even greater diversity in the make-up of our population should provide us with some of the means of greater national development. It may, therefore, be worth considering giving our immigration policy a broader base in terms of the areas of the world from which we should attempt to attract immigrants, particularly in view of the fact that some of our traditional areas of immigrants appear to be drying up as sources.

Canada's tendency in the past has always been to depend upon population pressures and cultural similarities in the European continent to provide us with "suitable" immigrants. Although there have always been fears that even this relatively cautious approach to populating Canada would strain our "absorptive capacity" in social as well as in political and economic terms, our experience thus far indicates that these fears have been largely ungrounded.

Troublesome though it might be, Canada will inevitably be expected in the next two or three decades to play its part in relieving pressures in the over-populated areas of the world, both within the context of the Commonwealth and beyond it. I wonder, therefore, whether this is not the time to make a virtue of necessity and indicate our awareness of this problem and our willingness to assist in its solution, in such a way that our national needs will be served and we will at the same time demonstrate the leadership which will be expected of us in this context. I do not mean by this that our doors should immediately be thrown wide to an influx of peoples from all parts of the world. Surely we can, however, within acceptable standards of age, health, ability and security, expand our rather cautious present limits of "assimilability" in order to bring to Canada a greater variety of people from less fortunate areas as well as from traditional areas, perhaps in gradually increasing numbers over a period of years, and to ensure that they are settled in such a way that they can best contribute to the growth of the country. Certainly, questions of race, colour and religion will be raised, but in these days of the emergence of new independent nations (in Africa, South-East Asia and the West Indies, for example) perhaps it is better to have them raised and dealt with as social problems within Canada than to have to deal with them in international councils. If our national development is to be more than purely economic development, we will have to give serious thought to the development of the fabric of our society as a whole, and to its inevitable integration with other societies as the only visible means of acceptable survival.

There will inevitably be criticism of any immigration policy which is decided upon, but surely the majority of criticisms can be adequately met if the Government adopts and firmly implements a long-term policy of immigration and settlement that is clearly and closely integrated with the larger policy of developing the nation as a whole.

There is obviously a great deal more to be said about these questions of immigration and settlement, in relation to our national and international growth, and it may be that the time is not yet appropriate to make this a subject for formal national consideration and discussion by such means as a Royal Commission. I wonder, however, if we might not now achieve some of the results of a formal inquiry by seeking, even within the public service, considered views on this question. We have many devoted, experienced and intelligent people in the service who are, I am sure, profoundly concerned with the quality of our population and the ways in which it should grow in social and cultural as well as in economic terms. It seems, on the face of it at least, that their unofficial views would tend to be more objective and balanced than those of the organizations who would normally submit briefs to a Royal Commission. Therefore, theoretically at least, they could provide the Government with a useful body of views and opinions which would be of great assistance in the planning of our immigration policy within the context of the national development as a whole.

Whether these views and suggestions have merit or not, I am convinced that at this stage in our national planning we should take the time necessary to give this question the fullest and most careful consideration. I do not feel that the attached Memorandum should be put to the Cabinet in its present form, as it does not take into account a number of considerations which I feel are essential to good population planning.

D.F. W[ALL]

668. PCO/I-1

Note du secrétaire du Cabinet pour le premier ministre

Memorandum from Secretary to Cabinet to Prime Minister

CONFIDENTIAL [Ottawa], April 4, 1960

IMMIGRATION POLICY

At Mrs. Fairclough's request, I am suggesting that this subject, and her paper on it of February 15th (copy attached), be on the Cabinet agenda this week. She needs a discussion and decision for the debate in the House on her Estimates and for guidance of her department in Senator Wall's Committee.

You may recall reading the February 15th memorandum shortly after we received it, and telling me that you did not like the idea of setting a numerical objective for our policy. I told Mrs. Fairclough of your concern over this point.

I have studied this subject a little in the meantime, and I must say I share your view that a numerical objective is undesirable. Besides being politically dangerous (however convenient administratively) it seems to me to introduce an undesirable rigidity into a subject that requires the most delicate handling, and puts altogether the wrong emphasis on quantity rather than quality. Moreover, it would , I think, lead us into more and more manifest discrimination as we pursued European immigrants while greatly restricting those with a dark skin.

I would suggest our policy should be more flexible, less precise, more moderate and more selective. I will suggest below how it might be expressed in a way to make it look constructive and not merely a continuation of Mr. King's policy of 1947.

We shall probably want a fairly substantial flow of European immigrants for the next several years, as our flow of young Canadians into the labour force increases from the relatively low level of recent years up to a fairly high level in the mid-60's. After that, we should not need as many immigrants on economic grounds, and indeed in the middle and latter parts of this decade we will probably have our hands full providing jobs, houses and other capital requirements for our own rapidly growing population without excessive dependence on U.S. capital (the supply of which is not reliable).

I think our emphasis should be quietly shifted from the settlement of immigrants (in Toronto, Vancouver and the other places they favour), to the re-settlement of the many tens of thousands of Canadians who need better occupations — our subsistence farmers and fishermen, our surplus coal miners and the many thousands who are bound to be affected by the substantial competition now developing in international trade. It is more difficult to handle these, in many respects, especially to suggest that those living in some areas should seek opportunities in other areas, but surely it is within our capacity to do it, and of more importance to Canada.

Whatever our immigration policy, Canada cannot contribute any significant relief to the enormous population pressure now building up in the world. This is not developing in Europe, but in Africa, Asia and Latin America from which we do not admit more than token immigration. In any case, Canadians would not (and should not) accept the vastly reduced living standards that would result if we admitted the many millions of immigrants that would be necessary to make a minor but noticeable contribution to the world population problem. I think myself we are heading for very serious international trouble anyway in the later 1960's and the 1970's over the population pressure in the "underdeveloped" countries and it would be better to meet it with a quiet, modest immigration policy rather than an active one that tries to skim the cream off Europe, while refusing immigrants in volume from the over-populated countries.

Moreover, in actively recruiting a large volume of skilled European immigrants, Canada, which needs them relatively little, is helping to keep them away from other countries (even lonely Australia) that need them more, including the underdeveloped countries. We are going to have trouble enough with our foreign policy in the 1960's without complicating it further by large numbers of new Canadians from Europe who have European rather than Canadian attitudes on questions of the greatest importance.

Consequently, I would suggest that we should not plan a substantial sustained programme such as Mrs. Fairclough (and the Gordon Commission)[1] has suggested but plan, quietly, gradually to taper off our efforts to attract immigrants from Europe and devote more effort to the re-employment of Canadians. We should permit several tens of thousands of immigrants a year to come to Canada, if they meet our standards of selection. This should include close relatives of our new Canadians but not all relatives (or alleged relatives); it should include if possible a large diversity of talents and skills that we feel will contribute to the variety and interest of our national life; it should include a fairly substantial sprinkling of coloured people deliberately included to make evident that we do not object to them on principle. (Perhaps we could afford, even now, to broaden the small quotas we already provide for persons from India, Pakistan, Ceylon and the West Indies to cover all other members of the Commonwealth, such as Malaya, Ghana, etc.)

The best means of expressing this policy of national growth and development would need considerable study but I would suggest as a first draft something like the following:

"Our Immigration policy is part of our policy of national growth and development. We aim to secure as new Canadians the best of those who would like to come to live in Canada, those whom we feel will make the best contribution to Canadian life. Quality must be our main objective, not simply in economic terms but in terms of what the immigrants can be expected to add to the variety and attractiveness of our society.

"The numbers we can take will depend upon the rate of national growth which we can sustain. This will be influenced by many factors — the increase in our native born population, the demand for our exports abroad, our success in developing our resources and in meeting foreign competition, the supply of savings available to finance our growth, and the ability of our provinces and municipalities to deal with the many problems arising from growth. The Government aims at a policy of vigorous national development which will create new opportunities not only for many Canadians but also for those selected to join us as immigrants.

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[1] La Commission royale d'enquête sur les perspectives économiques du Canada (1955-1957), dirigée par Walter Gordon.
The Royal Commission on Canada's Economic Prospects (1955-1957), headed by Walter Gordon.

"It will be our policy to take the measures necessary to integrate promptly and effectively into Canadian society those whom we decide to admit as new Canadians. We believe this will be to the advantage of other Canadians as well as promoting the unity of Canada itself.

"It must be recognized however that Canada cannot possibly absorb enough immigrants to relieve the overpopulation that already exists in many parts of the world, or to solve the world population problem that is so clearly looming up in the future. Our country is large, but only a small fraction of it is fertile and the development of our forest and mineral resources takes time, skill and capital. This sets practical limits upon the rate of increase of the population of Canada. We cannot admit an unlimited number of people from any country, however friendly. We can and will admit selected immigrants from many countries, depending upon the circumstances in Canada year by year. Those we select for admission will be welcomed and encouraged to contribute effectively to our national life."

R.B. B[RYCE]

669. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], April 12, 1960

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General and Acting Secretary of State (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin), (Dr. Hodgson).

. . .

IMMIGRATION POLICY

11. *The Minister of Citizenship and Immigration* said she hoped to be in a position to make a statement on the government's immigration policy before the estimates of her department came up in the House. The present policy, with minor modifications, was substantially the one set out by the previous administration under the Mackenzie King régime. The government had promised to amend the Immigration Act. To reply to criticisms by stating that the government

had simply followed the practices of the previous administration was becoming a weak defence. Furthermore, in view of the government's dedication to a policy of national development, it was necessary to activate immigration. There was no population planning in effect. Procedures were on a hit and miss basis justifying the criticism of "tap on and off."

A study of the backlog of applications showed that the backlog was composed namely of relatives of those who had already been admitted to Canada (i.e. sponsored applicants). This meant populating the country mostly with labourers, and made it difficult to give serious consideration to open-placement applicants. The backlog of sponsored immigrants had increased during 1959 from 69,000 to 75,000, of which there were over 62,000 applicants from Italy. While Italians were not objectionable in themselves, the serious backlog nevertheless stopped the Department of Citizenship and Immigration from recruiting professionals and skilled persons or those in possession of sufficient funds for opening businesses. In so far as the unsponsored immigrants were concerned, during 1959 there had been a decrease of 40 per cent (from 52,000 to 31,000). The figures from the first three months of the current year would indicate that on a twelve-month basis less than 100,000 immigrants would be admitted during the year.

The Minister pointed out that, during the five-year period 1955 to 1959, inclusive, only about 1.2 million young adults reached mature working age. This would probably increase to 1.3 million in 1960 to 1964 and jump to 1.7 million in 1965 to 1969. If the economy continued at its present rate of growth, i.e., to provide for new jobs for about 1.4 million workers (including immigrants) every five years, there would be 300,000 young adults for whom jobs would not be available in 1965-69. Therefore, there seemed to remain one acceptable solution, that was to force the rate of growth of the economy. It would be necessary to inject at least 350,000 immigrant workers into the labour force over the period 1960-64, as compared to 250,000 in the period 1965-69.

If it were assumed that Canada required a larger population the question was what rate of immigration was most desirable. Immigration policy should be utilized as one of the means of attaining the aims established by national policy. During the past decade, the immigrant absorption rate averaged one per cent of the population although the annual inflow fluctuated considerably. It should be possible to base a long-range policy on the continuation of an average inflow of approximately one per cent. In any one year, depending upon the state of the economy of Canada and of the source countries, the gross immigration rate could range up to approximately 1.25 per cent or down to a minimum of .75 per cent in a less active period. Canada's proximity to Europe gave her a natural advantage in competing for migrants. Canada could no longer afford to change its immigration policy to meet every economic fluctuation, for migrants once discouraged could not be picked up later again.

She examined by country in detail the European sources of immigrants which could be developed with consistent promotion. She pointed out that, if Canada continued to receive a high proportion of sponsored immigrants from the Mediterranean area, the country might acquire a "little Italy" complex. This was not desirable. The overseas staff of the Department of Citizenship and Immigration could now handle 200,000 immigrants annually.

12. *Mrs. Fairclough* recommended that, for economic, political and moral reasons, Canada should accept a substantial flow of immigrants. The immigration policy should aim at an average flow equal to one per cent of the Canadian population with annual movements from .75 per cent to 1.25 per cent of the population. Within these limits, immigration would be subject to regular review by the Minister but negative adjustments would not be effective within one year of the time decisions were reached. She also recommended that the Department of Citizenship and Immigration be given the authority to proceed with a programme designed to bring Canada suitable, desirable and adaptable immigrants who would

be of economic benefit to Canada, who would be able to establish themselves in Canadian social, cultural, political and economic life without undue hardship to themselves or hardship and dislocation to the Canadian communities in which they would settle.

An explanatory memorandum had been circulated, (Minister's memorandum, Feb. 15 — Cab. Doc. 46-60).

13. *During the discussion* the following points were raised:

(a) The Minister of Citizenship and Immigration had been invited to visit Holland and Germany to promote interest in immigration. It was likely that there would be an increase in applications from farmers of Eastern Germany because of recently introduced Communist agricultural policies. This, however, raised a major problem — that of security. Efforts should be made to re-stimulate Dutch immigration.

(b) The question to decide was whether Canada should accept a substantial flow of immigrants. In order to give impetus to the economy, a more dynamic immigration policy was being suggested. On the other hand, consideration should be given to what could be done to absorb Canadians in the economy and to provide jobs for the 300,000 who would join the labour force during the period 1965-69. During the last two years the majority of the unemployed were from the labouring class. The construction industry had been sagging in the last four or five months. At the present time, there were over 150,000 inexperienced labourers among the unemployed. This, to some degree, tended to confirm that too many sponsored immigrants were allowed in the country. They should be counter-balanced by immigrants from northern Europe. It should be remembered that within the next five or ten years several hundred thousand farmers would have to be absorbed into other occupations.

(c) There were objectionable features to aiming at an average annual flow on a percentage basis. This was a bad principle and would result in the government being criticized from all sides. On the other hand, if this principle was not accepted there would be nothing new in the immigration policy of the government and would hardly appear different from the policy laid down by Mackenzie King in 1947.

(d) The Minister's suggestion that reductions in the flow would not be made effective within one year of the time decisions were reached was considered too rigid and not acceptable.

(e) The present crisis in South Africa might have a bearing on Canada's immigration policy, especially if there was any suggestion of entering into the internal affairs of Commonwealth countries. If Canada criticized apartheid, Louw of South Africa may criticize Canadian immigration policies. The pressures for admission of coloured peoples came not from the countries themselves but from the groups already established in Canada.

(f) The opinions enunciated in Cabinet should provide guidance to the Minister and the basis for a statement when her estimates came up in the House.

14. *The Cabinet*, for the guidance of the Minister of Citizenship and Immigration, agreed that the following be established as Canada's national immigration policy,

(a) for economic, political and moral reasons, Canada should accept a substantial flow of immigrants; and,

(b) the Department of Citizenship and Immigration should be given authority to proceed with a programme designed to bring to Canada suitable, desirable and adaptable immigrants who would be selected on the basis of being able to establish themselves in Canadian social, cultural, political and economic life without undue hardship to themselves or hardship and dislocation to the Canadian communities in which they will settle.

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CHAPITRE XIII/CHAPTER XIII
BUREAU DE L'AIDE EXTÉRIEURE
EXTERNAL AID OFFICE

670. PCO

Note du ministre du Commerce, du ministre des Finances et du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Minister of Trade and Commerce, Minister of Finance, and Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT 272-60 Ottawa, August 15, 1960
CONFIDENTIAL

ADMINISTRATION OF CANADA'S ECONOMIC ASSISTANCE PROGRAMMES: PROPOSED REORGANIZATION

Under existing arrangements responsibility for Canada's economic assistance programmes has been divided between the Department of External Affairs and the Department of Trade and Commerce, with the Department of Finance playing an important role, particularly with respect to questions of policy and financial administration.

2. While there were good reasons for this system at the time it was set up, it has become evident that the administrative arrangements in Ottawa no longer are entirely adequate to the need.

3. In recent years the idea of economic assistance to under-developed countries has acquired a new significance and attraction for a lengthy list of prospective recipients and potential donors. Canada's aid programmes have grown substantially in terms of total money expended, in terms of geographic area covered and in terms of their importance as a manifestation of this country's foreign policy. In view of their growth, these Canadian programmes seem bound to come more and more under public surveillance not only at home but also in foreign countries where they are likely to be subject to comparison with similar efforts by other donors, old and new, friendly and unfriendly. Present trends indicate that there may be strong pressures on donors to increase their existing programmes or to develop new ones and to co-ordinate their efforts with each other and with international organizations active in the field. In these circumstances, it is highly desirable that the Government be in a position to determine quickly whether requests received under programmes in existence or contemplated represent a sound and productive use of Canadian resources. Experience has shown that the way aid is given is vital to the success of aid programmes. To put it another way, the effectiveness of any aid programme is substantially reduced if the programme is not expeditiously and efficiently administered.

4. In the present three-way sharing of responsibility powers are not clearly defined. Consequently there have been delays in reaching inter-departmental agreement and this, in turn, has impeded the eventual policy decisions on issues both large and small. There is, therefore, an urgent need for improved administrative arrangements if Canada's aid programmes are to achieve their maximum effect.

5. The new approach now contemplated is aimed at bringing responsibility for the administration and operation of aid programmes under one head. It recognizes that these programmes are an integral part of Canada's foreign policy and that they reflect and to an important degree are moulded by the nature of the relationships between Canada and the recipient countries. Accordingly this approach envisages an arrangement which will bring the administration and operation of these programmes under the supervision and control of the Secretary of State for External Affairs as the Minister responsible for economic aid votes in Parliament and for Canadian external relations. This approach envisages also the establishment of an external aid office to be administered by a competent senior Civil Servant who would be responsible to the Secretary of State for External Affairs. This officer might be known as Director-General of External Aid Programmes.

Responsibility of the Director-General and the External Aid Office

6. Under the supervision of the Secretary of State for External Affairs the main responsibilities of the head of the external aid office, acting in consultation with the Board referred to below, would be:

(a) the operation and administration of Canada's assistance programmes covered by the general aid votes of the Department of External Affairs;

(b) to keep these programmes under constant review and, as appropriate, to prepare recommendations on them and related matters to Cabinet; to prepare submissions to Treasury Board on financial questions relating to economic assistance;

(c) to ensure co-ordination in the operations of other Departments and agencies of government concerned with various aspects of economic assistance programmes;

(d) to consult and cooperate as appropriate with international organizations and agencies;

(e) to consult and cooperate as appropriate with Canadian voluntary agencies active in underdeveloped countries;

(f) to co-ordinate Canadian efforts to provide emergency assistance in the case of disasters abroad; for this purpose to achieve the necessary liaison with the Canadian Red Cross Society and other appropriate Canadian organizations;

(g) to be responsible for the internal administration of the External Aid office; and

(h) to perform such other duties as may be required in relation to Canada's external assistance programmes.

External Aid Board

7. The External Aid Board would correspond broadly to the present Interdepartmental Committee on External Aid Policy, but would be smaller and more effective. Its membership would comprise the Director General, the Deputy Ministers (or their alternates) of the Departments of Finance, Trade and Commerce, External Affairs and the Canadian Executive Director of the International Bank, one of whom would be named chairman by the Secretary of State for External Affairs. Representatives from other departments which have a less direct interest in economic assistance would attend as appropriate.

8. The responsibilities of this Board would be to advise the Secretary of State for External Affairs on the matters enumerated in paragraph 6 above. It would meet at regular intervals and at the call of the chairman.

Staff of the Office

9. The staff of the Office would be found by means of the transfer of the Economic and Technical Assistance Branch of the Department of Trade and Commerce with the addition of qualified officers drawn mainly but not exclusively from the three departments principally concerned. This group might include Deputy Directors General and officers with training in

engineering, economics or financial administration. Such officers, it is envisaged, would be transferred or seconded to the new organization in such a way as to provide continuity of service and, at the same time, ensure that the Office has the benefit of the experience of officers who have worked in this field at posts abroad.

10. The scheme would not necessarily involve any increase in the total number of people working on economic assistance matters but it would bring them together in one place and under one head where they could deal with business more effectively and expeditiously. The office would continue to rely, as appropriate, on the services of the Canadian Commercial Corporation, Defence Construction Ltd., and various other departments and agencies.

Recommendations

11. It is accordingly recommended that:

(a) The Governor in Council be asked to approve, under the authority of the Public Service Rearrangements and Transfer of Duties Act (Vol. IV — Revised Statures, Chap. 227) the transfer of functions of the Economic and Technical Assistance Branch and its establishment from the jurisdiction of the Minister of Trade and Commerce to that of the Secretary of State for External Affairs, as part of the External Aid Office; it being understood that changes in the initial office establishment will be the subject of recommendations by the Director General and will be dealt with in the regular way.

(b) H.O. Moran, a senior officer of the Department of External Affairs be appointed, with effect from September 1st, Director General of the External Aid Office in the rank of FSO Grade 10.[1]

GORDON M. CHURCHILL
DONALD M. FLEMING
H.C. GREEN

[1] Approuvé par le Cabinet le 24 août 1960./Approved by Cabinet on August 24, 1960.

CHAPITRE XIV/CHAPTER XIV

EXPORTATION DE MATÉRIEL MILITAIRE
EXPORT OF MILITARY EQUIPMENT

671. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT 290-60 Ottawa, August 10, 1960

SECRET

CONTROL OF THE EXPORT OF MILITARY EQUIPMENT — POLICY AND PROCEDURES

1. At its meeting on April 1, the Cabinet agreed that a comprehensive memorandum be prepared on the whole question of export of military equipment to foreign countries, other than members of NATO and the Commonwealth, Cabinet last reviewed the question of the export of military equipment in September, 1957, when it approved a new code of procedures to be followed interdepartmentally in dealing under the provisions of the Export and Import Permits Act of 1954 with applications for export permits to cover the shipment abroad of military equipment. A copy of the Cabinet directive, a Memorandum for the Cabinet, dated September 13, 1957, is attached.[1]

2. When the Directive was approved by the Cabinet it was recognized that the powers provided by the Export and Import Permits Act should be used to control the export to all countries of military equipment of all types; that the export of such equipment to certain areas might disturb the strategic situation; and that even where the type or quantity of equipment involved was not of strategic significance such exports might have international political repercussions. Consequently, the Directive stated that although the authority to issue export permits is vested under the Act in the Minister of Trade and Commerce, the latter should be guided by the views of the Secretary of State for External Affairs and the Minister of National Defence.

3. The procedure adopted in 1957 reflected certain general policy considerations which were summarized as follows:

> "The Canadian Government asserts the right to take such steps as are necessary, including the maintenance of an adequate military establishment, to ensure the defence of Canada, and recognizes that all other legitimate governments have the same right of self defence. Indeed this right is universally recognized, explicitly for example in the Charter of the United Nations. Nevertheless it may often be uneconomic, or even in the case of small or underdeveloped countries impossible, to maintain and supply an adequate defensive establishment equipped solely from domestic sources. The Canadian Government therefore recognizes that cases may arise from time to time where it will wish to obtain military supplies by purchase abroad rather than from domestic production, and that in appropriate cases it may similarly be prepared to approve the supply of military equipment from

[1] Voir/See Volume 25, document 236.

Canada to other governments. Such cases are particularly likely to arise for countries with which Canada has close political or military connections; indeed the Canadian programme of providing mutual aid to our NATO allies is a reflection of this attitude, and the supply of military equipment to other Commonwealth governments and its purchase from the United Kingdom in particular have been common, while the purchase of military supplies from the United States and their sale to that country constitute an important fraction of our defence procurement and defence production programmes. Less frequently, sales of military equipment to or purchases from other friendly governments have been recognized as mutually advantageous to Canada and to the other government concerned."

4. It has been on these grounds that Canada has been prepared on appropriate occasions to approve the export of military equipment to other countries. The major criterion in determining whether a proposed arms export should be approved has, of necessity, been a judgement as to whether or not the political and strategic consequences would be consistent with Canada's interests. It has been a general requirement that such export should be authorized only on a government to government basis, and that exports to private concerns in other countries should not be approved unless the recipient firm has been formally designated by the government concerned as a purchasing agent acting on its behalf. Furthermore, it was decided that particularly in the case of items of real military importance in the recipient area, approval of exports should require a determination that on balance the transaction would result in a substantial advantage to Canada.

5. The experience gained in over two and a half years of operations under the Directive has shown that the value of permits issued for exports of military equipment to countries other than NATO and "non-sensitive" Commonwealth countries has been in the neighbourhood of $16 million from October 1, 1957 to March 31, 1960. While of benefit to Canadian firms engaged in the arms traffic, this trade has been of no great value to Canada from an industrial or employment point of view. Many of the transactions which took place did not involve Canadian production. It is questionable whether all of the exports made have contributed to stability in the areas receiving the arms. In certain instances there has been a risk that through the export of arms Canada might become involved in dangerous political situations. The extent of our sales of military equipment may give the appearance of being inconsistent with our advocacy of progress towards disarmament in the Ten-Power Committee. Canadian spokesmen have also urged that all countries exercise restraint in the export of military equipment and bring into the open what they are doing in this field. Lastly, the present regulations conceivably allow the charge to be made that Canadian firms are permitted to engage as middlemen in international traffic in arms which are not of Canadian origin. On balance, therefore, it is considered desirable to reduce the export of military equipment to a minimum and to tighten the controls.

6. For the purpose of export control, arms and military equipment, unless otherwise specified, are taken to mean those items in the Group entitled "Arms, Munitions, Military, Naval or Aircraft Stores" in the Export Control List as approved and amended from time to time by Order-in-Council under the Export and Import Permits Act. In this Group are included all the items listed in the International Munitions List agreed upon by Canada and Member Countries in the Co-ordinating Committee (COCOM, Paris). The items are interpreted in accordance with the Memorandum of Understanding relating to the International Munitions List, which furnishes guidance in dealing with, inter alia, sporting arms and munitions, explosives and propellants, vehicles and machinery used in the armaments industry.

7. In addition to the items in the Munitions Group there are also on the Export Control List various items of equipment designed and used for civilian purposes which are in ordinary usage by armed services of all countries in peacetime, for example, search and rescue as well

as transport aircraft, commercial types of radar and radio navigational equipment, tankers and certain fishing vessels and automotive equipment. Production of such items together with their service and maintenance parts is in many instances of great importance to Canadian industry and employment. Export trade is essential to the economy of the producers and involves a large number and wide distribution of export transactions. Such export business deserves every assistance and encouragement. However, where the importer is identified as a military organization of a foreign government, outside of NATO and Commonwealth countries, or where supply of the equipment in the quantity or of the type involved might possibly represent a substantial or significant addition to resources available for military purposes, an export sale may become a matter of concern. Thus strict care should be observed to ensure that none of this type of equipment is exported in such a way as to be inconsistent with the general objectives of control as set out below.

8. The Minister of Trade and Commerce will consult the Minister of National Defence regarding shipments of equipment of the kind referred to in the preceding Paragraph 7:

(a) When the destination is a highly sensitive area, as defined by the Secretary of State for External Affairs, and the size of the order is significant.

(b) When the consignee is a military establishment or organization and the size of the order is significant.

If such shipments are deemed to be of military significance, they will be dealt with in accordance with the procedures set out in Paragraph 9 below.

Recommendations

9. With the foregoing considerations in mind, it is recommended that the issue of permits for the export of military equipment should be governed by the following considerations:

(a) Exports of military equipment (with the exceptions noted in sub-paragraph (f) below) will normally be limited to governments of NATO and of Commonwealth countries.

(b) Exports of military equipment will be permitted by the Minister of Trade and Commerce only when certified as below:

(i) Certification would be automatic in the case of exports to NATO countries where the NATO Government concerned accepts responsibility to use them only to strengthen the capacity of NATO to deter or resist aggression; where there is any doubt concerning such use the Minister of Trade and Commerce will consult the Secretary of State for External Affairs and the Minister of National Defence.

(iii) Certification in the case of exports to Commonwealth countries would be determined in each instance as follows:

(a) By Cabinet in respect of Commonwealth countries included in the list of sensitive countries to be established by Cabinet in accordance with subparagraph (c) of this paragraph.

(b) By the Secretary of State for External Affairs, with the advice of the Minister of National Defence, in respect of Commonwealth countries not included in that sensitive list.

(c) A list of sensitive countries within the Commonwealth will be approved by the Cabinet on the recommendation of the Secretary of State for External Affairs with the advice of the Minister of National Defence. These Ministers will be responsible for keeping this list up to date by recommending to Cabinet appropriate additions or deletions.

(d) The Secretary of State for External Affairs will also keep the Minister of Trade and Commerce informed of those areas which are to be regarded as "highly sensitive" when

consideration is being given to the possible export of equipment of the type referred to in paragraphs 7 and 8 above.

(e) Certified shipments will be limited to military equipment produced in Canada either on licence or from Canadian design, the only exceptions being equipment bought abroad for the use of the Canadian armed forces and declared surplus.

(f) the only exceptions to (a) above would be:

(i) Spare parts for Canadian-made equipment or surplus equipment of the Canadian armed forces previously exported to the particular country; export of such parts would be permitted for the purpose of maintaining Canada's good name as an exporter and would be limited to the period of normal life expectancy of the items originally exported; such shipments of spare parts may be certified by the Secretary of State for External Affairs, with the advice of the Minister of National Defence, when he is satisfied that the destination is not in a sensitive area but will require the approval of Cabinet if the destination is an area which either the Secretary of State for External Affairs or the Minister of National Defence considers to be sensitive.

(ii) Shipments which Cabinet may decide in individual cases and only in extraordinary circumstances are of exceptional importance to Canada.

10. It is further recommended that the procedures governing the issue of permits for the export of military equipment be altered to read as follows:

I. GENERAL

(a) All export permits shall be issued under authority of the Minister of Trade and Commerce in accordance with the provisions of the Export and Import Permits Act. In this connection the powers and responsibilities of the Minister relating to amendment, suspension, cancellation and reinstatement of permits shall be borne in mind;

(b) In dealing with exports of military equipment (defined in paragraphs 6 and 7) the Minister of Trade and Commerce shall seek approval of Cabinet or the required certification of the export from the Secretary of State for External Affairs as provided in paragraph 9(b) and (f) above. The Minister of Trade and Commerce will send copies of applications referred to the Secretary of State for External Affairs to the Minister of National Defence and the latter will convey his comments to the Secretary of State for External Affairs.

(c) The Minister of Trade and Commerce should submit periodical reports to Cabinet on the disposition of applications for permits to export military equipment.

(d) In view of the more restrictive policies and more rigorous procedures envisaged in this memorandum it is expected that the responsibility of individual Ministers as set out in this memorandum should, so far as possible, be discharged by the Ministers themselves.

II. CASES IN WHICH PERMITS WILL NOT BE ISSUED

(a) Permits will not be issued for shipments of military equipment to any country in respect of which the Security Council or the General Assembly of the United Nations may declare or recommend an embargo on arms shipments as long as the Government considers that embargo to be in force, and action will be taken within the powers available to the Government to prevent any such shipments for which export permits may exist from proceeding to that country while the embargo is considered by the Government to be in force.

(b) Permits will not be issued for shipments of military equipment to areas under the direct authority of a communist government except in the case of Yugoslavia and then only under the provisions of sub-paragraph 9(f)(ii) above. This ban applies specifically to Albania, Bulgaria, China (Communist held), Czechoslovakia, East Germany, Hungary, Outer Mongolia, North Korea, North Vietnam, Poland, Roumania and the U.S.S.R.

III. CASES IN WHICH PERMITS ARE NOT REQUIRED, OR IN WHICH THEY MAY BE ISSUED WITHOUT INTERDEPARTMENTAL CONSULTATION

(a) Permits are not required by the Regulations for shipments of military equipment of Canadian origin to the United States; any re-export from the United States is subject to the export control procedures of the United States. (The United States does not require export permits for similar shipments to Canada, and it is in our interest to safeguard our access to United States sources of supply through this special reciprocal arrangement).

(b) Permits for the export of military equipment may be issued by the Minister of Trade and Commerce without consulting the Secretary of State for External Affairs (although he may consult on any particular case where he considers it necessary) in those cases where certification is automatic as under paragraph 9(b)(i) above; i.e., in the case of NATO countries and NATO commands, and in the case of Canadian forces outside Canada.

IV. SENSITIVE AREAS WITHIN THE COMMONWEALTH

(a) On the recommendation of the Secretary of State for External Affairs, with the advice of the Minister of National Defence, the initial list of sensitive countries within the Commonwealth shall consist of the following:

Africa	Ghana
	Union of South Africa
Asia	Ceylon
	India
	Pakistan
	Malaya

(b) Applications for the export of military equipment received direct from colonies, protectorates and territories for whose external relations and defence the United Kingdom or any other independent Commonwealth country remains responsible shall not be considered. However, it would be expected that as they become independent the following countries will be added to this list:

Africa	Nigeria (and other African countries which become independent and remain in the Commonwealth)
Caribbean Area	Federation of the West Indies
Europe	Cyprus (provided it becomes a member of the Commonwealth)

V. CONSULTATION WITH OTHER GOVERNMENTS

The Secretary of State for External Affairs may decide to consult with other Governments concerning proposed exports in cases where that appears desirable. Such consultations may be undertaken for various reasons, such as consideration of the responsibilities of other governments in particular areas.

VI. PERIOD OF VALIDITY OF EXPORT PERMITS FOR MILITARY EQUIPMENT

(a) Export permits for the shipment of military equipment shall be valid only for an appropriate period and to a specified date, normally from six months to one year from the date of issue. The Secretary of State for External Affairs may recommend an appropriate period to the Minister of Trade and Commerce and may, if he deems it desirable, recommend at any time that a permit already issued be suspended or cancelled. He will also, at his request, be provided with current reports by the Department of Trade and Commerce on the clearance through Customs or through Canadian ports of shipments under particular export permits.

(b) Applications for renewals of existing permits beyond the termination date recommended by the Secretary of State for External Affairs, or beyond one year where no lesser period was

recommended, shall be subject to the same procedures as those provided in the preceding paragraphs for new applications.

H.C. GREEN

I concur:
GEORGE R. PEARKES
GORDON CHURCHILL

672. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], September 14, 1960

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Solicitor General and Acting Secretary of State (Mr. Balcer),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Martin), (Dr. Hodgson).

. . .

CONTROL OF EXPORT OF MILITARY EQUIPMENT; POLICY AND PROCEDURES
(Previous reference April 1)

20. *The Secretary of State for External Affairs* referred to the decision taken by the Cabinet on April 1st that a comprehensive memorandum be prepared on the whole question of export of military equipment to foreign countries. This had now been done, and it was proposed that such exports should normally be limited to governments of N.A.T.O. and of Commonwealth countries. Where there was any doubt that the N.A.T.O. government concerned would use the equipment only to deter or resist aggression, the Minister of Trade and Commerce would consult the Secretary of State for External Affairs and the Minister of National Defence.

It was further proposed that exports of military equipment to Commonwealth countries be certified by the Secretary of State for External Affairs, with the advice of the Minister of National Defence, or by the Cabinet in respect of Commonwealth countries listed as sensitive. Ghana, Union of South Africa, Ceylon, India, Pakistan and Malaya would be on the initial sensitive list and, as they became independent, Nigeria, Cyprus and the Federation of the West Indies would be added.

An explanatory memorandum had been circulated, (Memorandum, Secretary of State for External Affairs, concurred in by the Minister of National Defence and Trade and Commerce Aug. 10 — Cab. Doc. 290-60).

21. *During the discussion* the following points were issued:

(a) Some said a list of sensitive countries could not long remain secret, and that the proposed list would be likely to provoke a storm of protest. South Africa, a country which at this time paid allegiance to the Crown, should not be placed on the same footing as Ghana, nor in a position inferior to West Germany, a former enemy. Furthermore, the N.A.T.O. countries as a class should not receive better treatment in this regard than the Commonwealth countries as a group.

(b) Others said a sensitive list had been in use for some time and that it had not become public and had caused no real difficulty. The intention was not to disqualify automatically any of the Commonwealth countries, but only to prescribe a different procedure in cases where political sensitivity existed.

(c) A export permit was likely to add greatly to the market value of Canadian surplus military material. This placed a premium upon the possession of advance knowledge on whether material offered for sale by the government to a particular country would qualify for an export permit. Bidders usually submitted low tenders on the assumption that they would not be permitted to export, and successful bidders sometimes made an excessive profit later when a permit was granted. Such a situation also created an opportunity for malfeasance on the part of officials. Some members suggested therefore that the possibility or otherwise of export ought to be announced at the time when Crown Assets Disposal Corporation offered the material for sale rather than later. Other members said that such a procedure would create the erroneous impression that the government of Canada was trying to sponsor the export of military equipment.

22. *The Cabinet*,

(a) noted the recommendations of the Secretary of State for External Affairs and the Ministers of National Defence and Trade and Commerce on the control of export of military equipment; and,

(b) decided that a Committee comprising the Secretary of State for External Affairs and the Ministers of National Defence, Trade and Commerce and Defence Production be authorized to approve or reject applications received from time to time for permits to export military equipment, and determine which cases should be referred to the Cabinet for decision.

. . .

CHAPITRE XV/CHAPTER XV
ÉNERGIE ATOMIQUE
ATOMIC ENERGY

673. DEA/14002-2-6-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM ET-25 Ottawa, January 7, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: Your Telegram 3163 December 30.

Repeat Vienna, London, Geneva, T&C (Information).

SAFEGUARDS: USA NOTE OF DECEMBER 29[1]

As you are aware, the present situation of the Canadian uranium industry requires that we give increasingly careful scrutiny to any proposals that may appear to impose extra or discriminatory restrictions on the industry in its search for export markets, even though such proposals may be intended to further our objective of achieving a generally accepted and workable system of controls for nuclear exports. Owing to their current heavy schedule of meetings, Ministers have not had an opportunity to consider the USA note and we are therefore unable for the present to make any formal reply. You may, however, speak informally to the State Department along the lines given below, emphasizing that Ministerial approval has not been given and that the following comments represent the preliminary reaction of officials.

2. As regards the proposal for the registration of nuclear exports, there are several points on which we consider that some clarification would be desirable. In the first place, we should be interested in knowing whether the USA proposes that the supplier nations seek agreement by all Agency members "to register sales of natural uranium" for any sizes of transaction or only for transactions above some established exemption limit. The question would then arise whether the safeguard exemption limit is to be established on the basis of total imports by any one state and if so, at what stage it is proposed to register the transaction, since it is possible to envisage a case where a bilateral uranium sale would have to be suspended in mid-course because the Agency had discovered that its completion would raise the importing country's cumulative total above the exemption limit. The problem would not occur if the exemption limit were based on the cumulative total of exports by one specific state to another. Another point on which we are not entirely clear is what is meant by the stated willingness of the USA to register exports "subject to USA safeguards," since all parties to an agreement of the kind proposed would presumably have to use the same criteria, whether Agency safeguards, USA safeguards, or some other agreed criteria.

3. With further reference to the proposal for registration of nuclear exports, we note that, except as it applies to the USA, it is confined to sales of natural uranium. We would question

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[1] Voir/See Volume 26, document 479.

the desirability of this limitation, which it seems might create serious difficulties for the future, when other countries besides the USA will presumably be exporting special fissionable materials and nuclear equipment. The paradoxical situation would then arise in which registration was enforced for [Ligne manquante dans l'original /Line missing in original] into bombs, while leaving free sales of special fissionable materials and reactors, both of which are used directly in the production of nuclear weapons. We should also, from the special Canadian point of view, be reluctant to accept a limitation which, in appearance at least, is even now discriminatory against the exporters of natural uranium.

4. If, however, these difficulties can be overcome, we should probably be ready to go along with the registration proposal, which is consistent with our established position of support for the Agency and appears to be a natural and necessary extension of the proposed control system, the scope of which could otherwise be severely limited. In the event that the attempt to get the same undertaking from other members of the Agency were to fail, we should of course have to review our position.

5. With reference to the adoption of bilateral controls compatible with those of the Agency, the USA is already fully aware of our policy in this respect by which we have required a bilateral agreement with provisions for Agency-type safeguards before permitted exports of nuclear material and facilities, except for small quantities of uranium for research and development purposes under a cumulative total of 2500 lbs for each recipient country. We have several times in the past (and most recently at the meeting of officials held in Washington last September 3) given our assurance of our willingness to continue this limitation, provided other Western suppliers continue to observe the same restriction. Any uncontrolled sales, or a failure on the part of Agency members to agree by the end of the Fourth General Conference (October 1960) upon the safeguards system called for by the statute would of course create a new situation.

Following for Vienna (for action) and Geneva (for information)

6. You should be guided by the above in any discussions at the suppliers meeting and Board of Governors. Please inform us at once of any significant reactions to the USA note.

674. DEA/14002-2-6-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 50 Washington, January 11, 1960

CONFIDENTIAL. CANADIAN EYES ONLY. OPIMMEDIATE.

Reference; Your Tel ET-25 Jan 7.

Repeat Vienna (OpImmediate) from Geneva, London, Geneva, T&C Ottawa from Ottawa (Information).

SAFEGUARDS: USA NOTE DECEMBER 29/59

We conveyed the contents of your reference telegram to Winfree of State Department. His comments were as follows:

2. In reply to the question raised in your paragraph 2 he said USA visualized that all, repeat all, sales would be registered, this being the only way that one would know that a country was approaching the ten ton figure mentioned in Annex I and be able to assess the effect of any one sale on the attachment of safeguards.

3. The phrase "subject to USA safeguards" was not repeat not inserted as a criterion but to indicate the willingness of USA to register any sale to which it had been a party and to encourage the recipient nation to agree to such registration.

4. As to discrimination, Winfree pointed out that if all supplier nations agree on the registration of natural uranium sales there will be no repeat no discrimination within this one area. For the info of the Canadian Government only, Winfree observed that USA was already prepared, once agreement was reached on natural uranium, to take similar steps on the registration of special fissionable material, reactors and special hardware. It was his understanding that UK was prepared to do likewise. Winfree observed that USA objective was the complete registration of all relevant items without discrimination. They felt that any attempt to cover everything in one step would complicate matters. Since action on special fissionable materials, etc. involved fewer countries they felt that the broader and possibly more uncertain agreement on natural uranium had to be taken first to provide a suitable foundation for action on the other items.

5. Winfree agreed that uncontrolled sales or failure to develop Agency safeguards by an early date will require reassessment of the situation.

6. To date USA has had no repeat no other reply to its note. France got off to a slow start and only forwarded the note to Paris about January 6.

675. DEA/14002-2-6-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM ET-303 Ottawa, February 29, 1960

CONFIDENTIAL. PRIORITY.

Reference: Your Tels 455,† 456† Feb 16.

Repeat Washington, Geneva, Vienna (Information).

By Bag T&C.

URANIUM SALES: USA AIDE MÉMOIRE OF DECEMBER 29

We appreciated the opportunity to study the proposed UK reply to the USA aide mémoire of December 29 and have the following comments which you should communicate to the Commonwealth Relations Office.

2. We consider that the principal value of the proposed system of registration of sales would be as a reinforcement of safeguards and agree that it would have little meaning unless all members of the Agency were prepared to accept safeguards and to participate in the plan for registration. Moreover, at the present time, when the prospects of achieving a multilateral safeguards system may have improved somewhat, a move by the Western suppliers to initiate a system of registration might tend to emphasize existing differences and create additional difficulties for the safeguards discussions. We should therefore consider it too early to make such a move now.

3. In our reply to the USA aide mémoire we shall wish to comment on the proposed limitation of registration to sales of natural uranium. Though we understand that the intention would be later to include other nuclear materials, we should not in the existing circumstances

(which are well known to both the USA and the UK), feel free to accept even an initial and temporary limitation of this kind.

4. As regards the details of the proposed registration system we would agree that they need considerable clarification. With reference to the point made in the UK draft, we should assume that prices would not be registered but only quantities. It is not however clear how a sale would be defined: i.e. whether registration would apply on delivery; when the contract was signed; or upon indication of intent to supply. It would also be as well to make quite explicit the intention to require joint notification by seller and buyer since otherwise Agency safeguards would not apply. If a convenient opportunity arises, we agree that there might usefully be a discussion among the Western suppliers on the principle of establishing a register and the best methods of overcoming the above-mentioned and other difficulties.

5. We are currently considering the precise form of our own reply to the USA aide mémoire, which will require ministerial approval.

676. DEA/14002-2-6-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 574 Washington, March 4, 1960

CONFIDENTIAL. PRIORITY.

Reference: Your Tel ET-303 Mar 1.

Repeat London, Geneva, T&C Ottawa from Ottawa (Information).

By Bag Vienna from London.

URANIUM SALES — USA AIDE MÉMOIRE DECEMBER 29

Manfull of State Department informed us that to date USA has received no repeat no reply to their December 29 aide mémoire. On reviewing their aide mémoire they have concluded that it was not repeat not phrased as clearly as it might be and are planning, in the next few days, to issue a letter of clarification they hope that this action may prompt some replies. The only reference Manfull would make to the content of this explanatory letter was that it would make clear the intention to require joint notification of sales.

2. You may wish to delay formulation of the Canadian reply until you have had an opportunity to examine this clarifying letter.

677. DEA/14002-2-6-40

Le chef de la 1ère Direction économique
au sous-secrétaire d'État adjoint aux Affaires extérieures

Head, Economic (1) Division,
to Assistant Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], May 17, 1960

USA NOTE ON REGISTRATION OF URANIUM SALES

Our Washington Embassy has been informed by the State Department that the United Kingdom and Australia have both replied to the USA note saying that the suggestion appeared

to have merit but that they would prefer to await the outcome of the IAEA safeguards discussions before issuing a final reply. The State Department suggested that they would be glad to get a formal reply from Canada even along these same lines.

The attached telegram giving the text of a similar reply has been cleared with AECL, Eldorado, AECB, Finance, Trade and Commerce and Privy Council Office.

O.G. STONER

[PIÈCE JOINTE/ENCLOSURE]

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM ET-695 Ottawa, May 17, 1960

CONFIDENTIAL. PRIORITY.

Reference: Your Tel 1034, Apr 21.†

By Bag Geneva, London, Vienna.

URANIUM SALES: USA NOTE DEC 29/59

You may make the following reply to USA Note of December 29 forwarded to us in your telegram 3163 December 30 text begins:

"The Ambassador of Canada presents his compliments to the Secretary of State and has the honour to refer to the Secretary's Note No. __ of Dec 29/59 on the subject of safeguards to ensure against the diversion of atomic energy materials for military purposes.

The Ambassador wishes to assure the Secretary that the Government of Canada, in common with the Government of USA, attaches the greatest importance to the speedy and successful development of a system of multilaterally accepted and administered safeguards against the diversion to military use of nuclear materials and equipment supplied for peaceful purposes. In accord with this objective, it holds the view that a system for the registration with the International Atomic Energy Agency of all sales of nuclear material and equipment (not merely natural uranium) would be a useful element in the maintenance of effective international controls, provided that all countries participating in the trade were prepared to accept the obligations imposed. In view of this latter consideration, the Canadian Government wishes to await the outcome of the discussion on safeguards now taking place in the International Atomic Energy Agency, before formulating definitive views on USA proposals." Text Ends.

678. DEA/14001-2-6-40

Le représentant auprès de l'Agence internationale de l'Énergie atomique au sous-secrétaire d'État aux Affaires extérieures

Representative to International Atomic Energy Agency to Under-Secretary of State for External Affairs

LETTER NO. 109 Vienna, June 3, 1960

RESTRICTED

Reference: Your Telegram ET-695 of May 17.

IAEA SAFEGUARDS

My United States, United Kingdom colleagues and I have had a preliminary discussion about the handling of the safeguards issue at the General Conference this September. We were agreed that one important element in guiding the discussion along the right lines would be the submission at an early stage of a resolution which was likely to command the necessary support. I attach a draft of such a resolution which was initially prepared by the United States Delegation here and which has been amended to take into account the comments made by my United Kingdom colleague and myself.

2. We agreed that, in addition to enlisting support for the main safeguards paper and for a resolution on the general lines of the attached draft, the following additional points would have to be made in approaching individual delegations:

(a) We would expect them to oppose any motion, either at the beginning of the debate or at its conclusion, to the effect that a final decision on the safeguards paper should be deferred to a future session of the General Conference; and

(b) We would expect them to oppose any motion that there should be voting either on specific paragraphs of the safeguards document or on amendments to the present paper.

We are still considering the possibility of including in the introductory section of any resolution some language which would be calculated to impress on delegations the need, as a matter of equity, to have a safeguards document that would apply in the same terms to all prospective applicants for Agency assistance. Such language could, if necessary, be invoked in the course of the debate against any amendments in the sense that the scope and application of safeguards to a specific project should be determined in relation to that project.

3. We recognized that the resolution that has been drafted here would be voted on only at the conclusion of the debate on the safeguards paper. We were likely, however, to be faced with procedural issues in the course of the debate on which we would require the help and support of appropriate majorities. Since it is impossible to foresee the kind of procedural situations which might arise, we thought that the necessary support would probably have to be solicited as and when such situations arose. This would also have the advantage of not complicating unduly the task of briefing friendly delegations in advance.

4. While the United States Delegation have not yet come to a final conclusion on this matter, they and we are generally inclined not to oppose the suggestion of the Director General that the safeguards issue might be discussed in the Administrative and Legal Committee. All of us here are agreed that it would be good tactics to have Professor Randers of Norway elected as the chairman of that Committee and actively to support his candidature.

[M.H. WERSHOF]

679. DEA/14001-2-6-40

Note du chef de la 1ère Direction économique
au sous-secrétaire d'État adjoint aux Affaires extérieures

Head, Economic (1) Division,
to Assistant Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], June 9, 1960

IAEA SAFEGUARDS: MEETING WITH U.S. OFFICIALS ON JUNE 14

The "safeguards" paper (GC/IV/108) was provisionally approved by the IAEA Board of Governors at its last session, with five abstentions (USSR, Bulgaria, Czechoslovakia, India and Ceylon). It will now go to the General Conference "for consideration and appropriate action in accordance with the Statute." This formula, which was favoured by the United States, is deliberately vague and leaves undecided whether the operative clause of the Statute will be V(D) (which gives the General Conference the right to discuss and make recommendations) or V(F) (which gives it the authority to take decisions on any matter specifically referred to it for this purpose by the Board of Governors). The present meetings were suggested by the United States for the purpose of discussing, not the substance of the safeguards paper, but the proper tactics for steering it successfully through the General Conference. As a means to this end the State Department has proposed that the United States, Canada and the United Kingdom make diplomatic approaches to a number of countries during the summer rallying support for the safeguards concept and attempting to explain the system of control developed in the safeguards paper. The United Kingdom was inclined to think that discussion of tactics and strategy should be left to our representatives at the Board of Governors meeting beginning June 14, but may now participate in the talks to take place in Ottawa. The following are the points that should probably be discussed:

1. *Tactics at the Conference.*

Our representative in Vienna has suggested, and it seems with reason, that the first question to be settled is that of tactics at the General Conference itself. That is, we should decide whether we are prepared to accept a paragraph by paragraph discussion of the document in the general sense of Article V(F)(I) of the Statute, or whether we should try to confine the discussion to generalities as apparently envisaged under V(D). The United States is reported to think that we are unlikely to avoid a full-scale discussion. If this is so, we should probably devote our efforts to defeating proposals for amendments — particularly those which may be intended to introduce the "case-by-case" approach favoured by the USSR and by India.

2. *Countries to be approached.*

The United States is said to be preparing a list. Our Washington Embassy reports that United States officials regard the Soviet bloc as a hopeless proposition, but would be prepared to discuss this question if there were thought to be any scope for action. India has recently turned down a United States approach and is omitted from the list. The U.A.R. has been included and it is in general considered to be important to rally as many of the under-developed countries as possible in advance since the Indian line will probably continue to be that safeguards discriminate against the under-developed countries. I understand that Mr. Arnold Smith is back in Ottawa on home leave; if he is returning to Cairo in time, we might suggest that he would be a good person to approach the U.A.R. (There would be the added advantage that we could probably discuss the subject with him before he leaves Canada.) We might also offer to have another crack at India. Ceylon is another possibility, as Mr. George will arrive there soon.

3. *Countries to do the approaching.*

The United States considered asking all the principal suppliers' group, but decided that Australia, Belgium, France and South Africa, though they might support safeguards at the Conference, were probably not prepared to campaign actively in advance. This assessment is probably sound, but we might offer to approach the Australians ourselves to see whether we could build up some enthusiasm. We might also offer to participate in a joint approach to the South Africans.

4. *Method and substance of the approach.*

The United States is preparing a "layman's version" of the safeguards paper and plans to have experts brief their missions so that the latter may approach the governments to which they are accredited. We have suggested that it would seem optimistic to expect that the technical complexities of this difficult subject could be adequately conveyed in the circumstances of a conventional diplomatic demarche and have proposed that technical briefings might be carried out for the interested delegations in Vienna, prior to the opening of the Conference, in order to explain why we consider that the safeguards paper as it stands, without amendment, should be adopted. The approaches in capitals might concentrate on rallying support for the general principle of safeguards and emphasizing the great desirability of reaching a decision this year.

5. *Other details.*

The following further points might be discussed:

(a) *Presidency of the General Conference.*

It is again being suggested that a useful and fairly harmless concession to the Soviet bloc would be to name an East European as president of the General Conference. Last year the United States delayed a decision on this question and then bull-dozed a Japanese into offering himself as a candidate. In view of the post-summit political climate, there does not seem to be much chance that the United States would support an East European candidate this year, though the eminent Soviet scientist Emelyanov might be an excellent one. We could, however, take this opportunity to urge the United States the need for taking an early decision on this question and try to find out what their position is likely to be.

(b) *Membership of the Board of Governors.*

Thirteen members of the Board of Governors will be designated under Article VI of the Statute. Ten more will be elected by the General Conference in the fall. It is not expected that there will be any change in the five "most advanced" members (Canada, United Kingdom, United States, France and USSR). The second five, which are designated as being regionally the most advanced, are at present Brazil, South Africa, India, Australia and Japan. The Argentine may try again this year to wrest the Latin American designation from Brazil. We understand that the United States is trying to dissuade Argentina — probably by suggesting that it should stand for one of the two "floating seats" up for election at the General Conference. There is some possibility that the U.A.R. may make a bid for the Middle East and African seat now held by South Africa. The U.A.R. has no claim to be the regionally most advanced country and we have assured South Africa of our support. The method of designation adopted since 1958 at Indian insistence blurs the distinction between "most advanced" and "regionally most advanced." Our representative has been instructed to make the usual statement for the record, pointing out that this method is contrary to the plain terms of the Statute, and it might be worth while to mention the matter at this meeting.

(c) *Bilateral Agreements.*

It is possible that the United States officials may raise the question of bilateral agreements referred to in the attached Washington telegram Number 1351 of May 24.† They themselves are re-examining the early bilaterals which now come up for renewal with a view to

encouraging the other parties to allow them to lapse and to seek their requirements instead through the Agency. They have suggested that we may wish to follow a similar course.

Canada has only six bilaterals, with Germany, Switzerland, Australia, EURATOM, Japan and Pakistan and of these the last two have not yet been ratified. There is continuing pressure from the Canadian uranium industry for the conclusion of more bilaterals and though we may believe that they would do little to open up immediate markets where none now exist, it is unlikely the government would wish to adopt a policy of discouraging bilaterals, even with the objective of strengthening the Agency.

(d) *Agreement on fuel for the CIR.*

In view of the comments which we have received from both the United Kingdom and the United States regarding an agreement on fuel for the CIR, Mr. Lorne Gray may wish to refer informally to the question, explaining the special circumstances as we see them.[2]

The names of the United States officials attending are given on the attached list.

We hope to have a preparatory meeting of Canadian officials on Monday afternoon. Since unfortunately you will not be free to attend, I should appreciate you indicating on this memorandum any comments or views that you think would be useful.

O.G. STONER

680. DEA/14001-2-6-40

Le secrétaire d'État aux Affaires extérieures
au représentant auprès de l'Agence internationale de l'Énergie atomique

Secretary of State for External Affairs
to Representative to International Atomic Energy Agency

TELEGRAM ET-832 Ottawa, June 17, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: Your Letter No. 109, Jun 3 (received Jun 16).

Repeat Geneva, London, Washington (Information).

IAEA: TACTICS FOR SAFEGUARDS (OTTAWA MEETING)

I. DRAFT RESOLUTION

USA team produced draft resolution worked out in Vienna. UK representative participated in Ottawa meeting but like us had not yet heard of Vienna talks. Discussions did not touch on substance of safeguards document but dealt only with tactics. One verbal change was made in operative clause 2 of draft resolution, which now reads: "... in giving effect etc." We would support this resolution subject to following comments on its handling.

Resolution as drafted, though it does not go beyond what supporters of safeguards document can tolerate, contains a number of concessions to those countries which are likely to have reservations about accepting safeguards document as it stands without substantive discussion and possible amendment by General Conference. Canadian side urged and USA agreed, that it would be advisable in developing support for resolution to give our delegations

[2] Note marginale :/Marginal note:
Lorne Gray has agreed to act as host at the luncheon on 14th. He will not however attend meetings. [O.G. Stoner]

in Vienna discretion to hold back certain points for use as negotiating counters. Parts mentioned in this context are as follows:

(a) final consideration which begins: "Bearing in mind …"

(b) operative clause 1: "… provisionally approved by the Board of Governors and …"

(c) operative clause 3 as a whole but most particularly last phrase: " … including the text of proposals submitted"

(d) operative clause 5: A further comment on this clause was that since the two-year review period runs from time of final adoption of safeguards, specific reference to Sixth General Conference was best omitted.

For further comments along these lines see below under III tactics.

II. OBJECTIVES

We agree with USA that our objectives are to avoid detailed review and possible amendment of safeguards document by General Conference with consequent implication that conference is deemed to have "approved" document. To this end friendly delegations should be dissuaded from putting amendments. We should aim at limiting discussion to a general debate on documents as a whole (in the sense of Article V of Statute) to be followed by procedural resolution taking note of it and returning it to board for implementation. We also agree that it should preferably be referred to Administrative and Legal Committee. State Department memo enlarging on this subject is being sent by bag today.

III. TACTICS

Tactical handling of safeguards issue will fall into these phases:

(a) Board of Governors

It was agreed that our three delegations should seek to develop support for proposed procedural approach and so far as possible broad co-sponsorship for draft resolution among remaining fifteen countries who have voted provisional approval of safeguards document. The three delegations should concert among themselves as to what portions of the draft should be held back as negotiating points in accordance with Section I above. Following further points were agreed:

(i) Though India and Ceylon abstained on the document and could not be included in our initial approach, it is important that they should be informed of our plans at an early date in order to minimize any resentment they might be inclined to feel at being left out. Ceylon it is thought might possibly be ready to modify its position now that the domestic situation is more stabilized.

(ii) In general it is important to get as much support as possible from the under-developed group and also to achieve good geographical distribution both to expedite passage of resolution through conference and in hope that some supporters may give a lead on a regional basis.

(iii) It was not thought likely that France would co-sponsor, but it was considered very important to make all possible efforts to secure French support.

(iv) These discussions at Board of Governors meeting will indicate what countries should be made particular targets of proposed diplomatic approaches this summer.

(b) Diplomatic approaches

USA has given its missions detailed briefing on safeguard document. Canadian side urged however, and USA was in full agreement, that in seeking support for safeguards and where possible co-sponsorship for our resolution we could not rely upon technical considerations but must stress the political arguments. It was therefore agreed that approaches to be effective

would have to be made at a high level and also that USA would probably in most countries have to take the initiative. Canadian role might generally be a supporting one. More precise conclusions on this point would be possible after your exploratory talks in the governor's session. For your own information we are here planning to explore possibility of making a direct appeal to India at the highest level in hope of winning its cooperation.

It was agreed that in the last analysis we must count on decisions about safeguards having been made in national capitals before opening of General Conference. Our team of co-sponsors and supporters must therefore be lined up during the summer and we should go to conference with a firm text of our resolution.

(c) Consensus was that detailed tactics for General Conference should not be laid down rigidly in advance. It was however agreed that it would be preferable to refer safeguards document to Administrative and Legal Committee. For your own information, though USA team at meeting to some extent allayed our fears that USA approach was mechanistic and over-rigid, we think it would still be advisable, in your discussions with your colleagues, to stress the virtues of flexibility in our tactics at General Conference.

Competent and friendly chairmen both in Administrative and Legal Committee and in General Committee will be needed. We were told that USA would not consider an East European for President of General Conference (and thus Chairman of General Committee) but had not yet found a suitable candidate. The USSR had not yet come forward with a candidate and might not do so because of Czech candidacy for presidency of UNGA. Ronders' candidacy for Committee Chairmanship was not mentioned, but we shall follow this up in due course in Washington.

There was also discussion of what USA called "collateral action" that is action which they may be prepared to pledge, either in their diplomatic approaches or at General Conference, to encourage others to support safeguards. Following is brief outline of discussion for your information in case USA delegation raises subject in Vienna:

(i) USA will pledge in private conversations that it will apply Agency procedures as set out in safeguards document.

(ii) USA is encouraging its bilateral partners to seek further co-operation through the Agency and trying to ascertain whether they will accept administration of safeguards in bilateral agreements through Agency (c.f. Washington telegram 1351 May 24);† notes are being sent to UK, Canada and France suggesting that they take similar action and also asking their bilateral partners to join in a declaration at General Conference that they are doing so.

(iii) USA is considering whether it should declare that it will open at least some of its national facilities to Agency inspection and hopes Canada and UK will consider similar action. Possibility of proposing to increase scope of Agency safeguards to cover larger reactors was under study, but on the whole it seemed this would not be advisable at present.

In commenting on USA remarks, Canadian side indicated that we were and always had been willing to apply Agency safeguards to our bilateral agreements but avoided any specific reply to the related question of enlarged co-operation through Agency which, as you know, might involve use of Agency as broker in sales. We expressed our doubt that a declaration regarding selective application of safeguards to national facilities would do much to convert the heathen. We agreed that it would be premature to discuss now application of safeguards to facilities of over 100 MW.

IV. GENERAL OBSERVATIONS

(a) Though the UK participated rather as an observer, we do not expect that it will find difficulty in accepting the conclusions set out above.

(b) You will realize that much has been left to the initiative of our delegations in Vienna during phase (a) and that the smoothness and success of phase (b) will depend much upon your efforts.

(c) We shall hope to have your further comments and suggestions regarding tactics at the conference, candidates for chairmanships, etc.

681. DEA/14001-2-6-40

Le chef des Relations extérieures de l'Énergie atomique du Canada Ltée. à la 1ère Direction économique

Head, External Relations, Atomic Energy of Canada Limited, to Economic (1) Division

CONFIDENTIAL Ottawa, June 22, 1960

Attention: Miss H. D. Burwash

Dear Miss Burwash:

Your telegram No. 832 of June 17 to Vienna raises two matters on which we have some comments.

Paragraph II of page 4 mentions the possibility that Canada might ask its partners in bilateral agreements if they will accept administration of safeguards through the Agency. We have no objection to this and, in fact, we feel there may be advantages in delegating this somewhat onerous task to some non-Canadian organization. Canada should, of course, be careful not to make an announcement at the General Conference without first consulting the various signatories.

In this connection I attach an extract from a monthly newsletter issued in Washington which indicates that the U.S. is meeting with very little success in persuading its bilateral partners to channel not only safeguards but also general co-operation through Vienna. In Canada's case, the idea of carrying out via the Agency the entire co-operation under any of its bilateral agreements is not particularly applicable, and probably not acceptable to some people. Therefore, I assume we are interested only in transferring the administration of safeguards.

The second point is raised in your paragraph III: namely, whether Canada will consider opening some of its facilities to Agency inspection. As you are aware, under no circumstances could we open the NRX and NRU reactors at Chalk River to Agency inspection while we are selling plutonium to the U.S. and the U.K. This is expected to continue for many years. We are doubtful that selective inspection at Chalk River or in Canada carries much moral weight. If your Department is strongly in favour of applying safeguards to some Canadian facilities, I suggest that the matter be discussed with Mr. J.L. Gray.

Yours sincerely,

J.W. GREENWOOD

[PIÈCE JOINTE/ENCLOSURE]

Extrait de Forum Memo – juin 1960

Extract from Forum Memo – June 1960

FOREIGN GOVERNMENTS PREFER
U.S. BILATERAL EXTENSIONS

Of eleven countries which have research bilateral agreements with the U.S. expiring in 1960, only one, Lebanon, has so far agreed to the U.S. suggestion that in lieu of extending the agreement, the facilities and services of the IAEA be used as the means for peaceful atomic energy co-operation with the U.S.

Seven other nations — Argentina, Brazil, Philippines, China, Greece, Israel, and Portugal — have indicated preference for the bilateral route, and short term extensions to the existing bilaterals (in most cases for two years) have been negotiated with these governments. Discussions are still in progress with Pakistan, Chile, and Colombia.

AEC Policy: The AEC, which has been criticized on occasion for continuing the bilaterals in view of the availability of IAEA channels of co-operation, outlined its current position as follows:

"The U.S. is pursuing a policy of discussing with nations whose bilaterals expire in 1960 the possibility of their channelling future requests for assistance and administration of safeguards through the IAEA. If the country involved does not wish to do this, the U.S. proceeds to negotiate a short term extension and updating of the present agreement."

682. DEA/14001-2-6-40

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Secretary of State for External Affairs to Prime Minister

[Ottawa], June 28, 1960

PROPOSED APPROACH TO PRIME MINISTER NEHRU
REGARDING THE ATTITUDE OF INDIA TOWARDS
INTERNATIONAL ATOMIC ENERGY AGENCY SAFEGUARDS

At its General Conference opening on September 22, the International Atomic Energy Agency (IAEA) will discuss the proposed system of safeguards to ensure that nuclear materials supplied for peaceful purposes are not diverted to military use. As you are aware, India (supported by the Soviet bloc) has consistently opposed the proposed Agency safeguards on the grounds that they would be a derogation of national sovereignty and would moreover constitute discrimination against the "under-developed" countries, which do not maintain nuclear military programmes.

The establishment of a multilaterally agreed and administered system of safeguards has from the beginning been the principal goal of the IAEA. Since its purpose is to impede the accumulation by any country of sufficient fissionable material to launch a nuclear weapons programme, it must be looked upon as an important ancillary mechanism in the system of controlled disarmament which Canada wishes to see emerge from international discussion, regardless of the forum that may be chosen for it. Another consideration, important from the internal Canadian point of view, is that any further delay in procuring the general adoption of a

system of safeguards would prolong and increase the uneasiness of Canadian uranium producers lest Canada's adherence to bilateral safeguards put them at a comparative disadvantage in their access to foreign markets. The United States has of course been one of the strongest proponents of safeguards and plans an extensive diplomatic campaign this summer in which we are to join to muster support for them before the General Conference.

India's habitual place of leadership among the new nations of Asia and among many other under-developed countries will make its attitude towards safeguards at the forthcoming debate in the IAEA Conference of great — even decisive — importance. Moreover, in spite of its opposition to safeguards on the grounds that they are discriminatory, recent developments in Indian relations with China — and Chinese boasts that they will soon be ready to manufacture atomic bombs — could create a more favourable attitude in India towards a system intended to impede the emergence of additional nuclear military powers. A further important consideration is that Mr. Nehru has a deep and abiding conviction of India's mission for peace and if appealed to personally by you as a colleague of the Commonwealth who has given the example of constructive leadership in this direction, might be prepared to reconsider this question from a broader point of view than that which has heretofore prevailed in India government circles.

In these circumstances, you may wish to consider signing the attached letter to Mr. Nehru.[3]

H.C. G[REEN]

683. DEA/14001-2-6-40

Le premier ministre
au premier ministre de l'Inde

Prime Minister
to Prime Minister of India

[Ottawa], June 28, 1960

Dear Mr. Nehru,

May I ask you to turn your attention, at the present time, to the "safeguards" question which is to be discussed at the General Conference of the International Atomic Energy Agency (IAEA) next September? The safeguards referred to constitute the proposed system of control and inspection by the Agency which would be intended to prevent so far as possible the diversion to military use of nuclear materials supplied for peaceful purposes.

As you are no doubt aware, our two countries have not always been in entire agreement during discussion of this matter in the IAEA. I feel however that, though there may have been some differences of view regarding the means, Canada and India, as two peace-loving members of the Commonwealth, cannot be divided as regards our ultimate objectives. I should be the last to claim that the system of control now proposed (which is the outcome of much negotiation and compromise) is perfect. Nor do I overlook the fact that its implementation will to a certain extent require observance of a self-denying ordinance by the participating countries — and not least by Canada as one of the world's chief producers of source materials. Nevertheless, I am deeply convinced of the necessity of accepting the proposed system which will be a single but essential element in the implementation of that controlled disarmament for which we hope and work.

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[3] Note marginale :/Marginal note:
Letter to Mr. Nehru signed by Prime Minister July 4/60. H.B. R[obinson]

It is in view of this common aim, which I believe we share, and in view too of our long-standing co-operation in the field of atomic energy development, that I urge upon you to give most serious consideration to the position which India will adopt during the important discussions of the Agency's safeguards system which will take place at the General Conference opening in September.

I am, with kind regards,

Yours sincerely,

JOHN G. DIEFENBAKER

684. DEA/14001-2-6-40

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM 396 Delhi, July 18, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: Your Let ET-355 Jul 8† and Tel to Vienna ET-832 Jun 17.

IAEA: INDIA'S ATTITUDE TOWARDS SAFEGUARDS

Your telegram ET-832 now received here. I have waited for it before implementing instructions contained in your letter ET-355. Meanwhile I have received further info which I believe may require reconsideration of these instructions.

2. Today Winthrop Brown, USA Minister here and Ambassador (designate to Laos) informed me that Ambassador Bunker had received similar guidance on this subject but that Washington's communication to him had been in form of "suggestion" not repeat not "instruction." Bunker had replied in a strongly negative manner. He had told State Department that he considered it would be a "useless exercise" to send to the Indians another high level letter on this subject in view of India's position which had been recently made known to the USA Embassy here in very definite terms. Bunker had argued to Washington that there was no repeat no possibility of altering the Indian view on safeguards and that the net result would simply be to antagonize the Indians. I understand from Brown that the State Department accepted Bunker's analysis and that therefore no repeat no action will be taken by the USA Embassy here.

3. I am of course prepared to carry out any instructions you give me. However I think there is considerable force in Bunker's analysis. In any case I thought I should draw this to your attention in view of the reference in paragraph III(V) of your telegram ET-832 to the understanding that "the USA would probably in most countries have to take the initiative." From the foregoing it is obvious that this will not repeat not be the case vis-à-vis India.

4. I would appreciate your comments soonest possible.

[C.A.] RONNING

685. DEA/14001-2-6-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire en Inde

Secretary of State for External Affairs
to High Commissioner in India

TELEGRAM ET-972 Ottawa, July 20, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: Your Tel 396 Jul 18.

Repeat London, Washington, Geneva (Routine) (Information).

By Bag Vienna.

IAEA: INDIA'S ATTITUDE TOWARDS SAFEGUARDS

The Prime Minister's personal letter to Nehru had not repeat not been regarded as forming part of the concerted diplomatic approaches described in ET-832. We had in mind a separate initiative based on the hope that Canada, in view of its existing cooperation with India in the atomic field as evidenced by the CIR, might succeed in persuading Nehru that India's attitude on safeguards should be reconsidered. Our telegram ET-832 Section III (b) which was meant to draw this distinction may instead have misled you.

2. We were aware that the USA had met a negative response to an approach made several months ago through their embassy and that this was their reason for excluding Bunker's recommendation that led them to this conclusion.

3. We consider therefore that you should present the Prime Minister's letter to Nehru as planned. You could also explain to the USA Ambassador that we are doing this, not repeat not as part of the joint diplomatic approaches planned for other capitals, but as an independent initiative [document déchiré/document torn] on the belief that the importance of India's role in the safeguards debate justifies this additional effort by another member of the Commonwealth to secure Indian cooperation.

686. DEA/14001-2-6-40

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM 410 Delhi, July 22, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: Your Tel ET-972 Jul 20.

IAEA: INDIA'S ATTITUDE TOWARDS SAFEGUARDS

This morning I delivered Mr. Diefenbaker's letter to Mr. Nehru and spoke briefly along lines indicated in your numbered letter ET-355 July 8. Nehru said he had discussed the matter fully with Macmillan at the last conference of Commonwealth Prime Ministers. Subsequently Macmillan had written to him urging India's support for a system of safeguards. In reply he had sent to Macmillan a lengthy statement outlining India's position. He suggested that this statement contained India's carefully considered attitude to the whole problem and he would send me a copy for transmission to Diefenbaker.

2. Nehru said that he was not repeat not an expert on this subject and unfortunately Dr. Bhabha who is his adviser on these matters could not repeat not be consulted until after his return to India from abroad in about two weeks time. He then went on to say that the attitude of the Soviet Union placed all non-aligned countries, such as India, in a particularly difficult position as all countries in the communist bloc could obtain supplies from the Soviet Union without restrictions. While Nehru did not repeat not say so, he implied that countries allied to the USA and UK also had advantages.

3. While he was extremely pleasant, Nehru left me in no repeat no doubt that India has definitely made up its mind about this problem and was not repeat not likely to be influenced by any arguments. I doubt that there will be any change in India's attitude even if Nehru takes the matter up again with Dr. Bhabha.

4. This afternoon I received from Nehru a letter to which is attached the memorandum on safeguards. Nehru says: "Perhaps you would send this to Mr. Diefenbaker with my compliments and regards." I am sending you by deferred telegram texts of letter and memorandum.

5. The gist of memorandum follows: India is willing to exert every effort to assist in a system to prevent the diversion of fissionable materials to military purposes provided the system (a) is consistent with the honour and dignity of every nation to which it is made applicable; (b) is universally applied; (c) takes into account that atomic energy is the life blood of the future economy of many states. The system of safeguards under consideration satisfies none of the three criteria. The only system of safeguards practicable and effective would envisage world-wide controls applicable to all nations without discrimination. The Government of India are ready to give adherence to a practical and effective system achieving an effective measure of world security.

[C.A.] RONNING

687. DEA/14001-2-6

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Secretary of State for External Affairs to Prime Minister

[Ottawa], July 29, 1960

APPROACH TO PRIME MINISTER NEHRU REGARDING THE ATTITUDE OF INDIA TOWARDS INTERNATIONAL ATOMIC ENERGY AGENCY SAFEGUARDS

The attached telegram No. 412 of July 23 from New Delhi contains Prime Minister Nehru's reply to your letter of June 28 urging him to reconsider the Indian attitude towards the proposed system of International Atomic Energy Agency (IAEA) safeguards against the diversion to military use of nuclear materials supplied for peaceful purposes.

As you will recall, we had hoped that Mr. Nehru, if approached directly and personally, would have been prepared to give fresh thought to this problem. His answer indicates, however, that he has not done so but has instead preferred to repeat the position developed in the Statute Conference in 1957 and since put forward insistently by the officials of the Indian Atomic Energy Department.

In view of the great importance to Canada of an early resolution of the safeguards issue, it was I think right to make this effort, which takes its place as part of the coordinated campaign we are developing with the United States and the United Kingdom to muster support for

safeguards in the forthcoming IAEA Conference. The individual and urgent approaches that he has now received from the three strongest supporters of safeguards will leave Mr. Nehru in no doubt as to the firmness of our position and will moreover give him a basis of departure should he ever decide that a reassessment of the Indian attitude on this subject would be in the best interests of his own country and of world peace. If the Agency is unable to reach agreement on the safeguards issue we will also have satisfied ourselves that every possible effort has been made by Canada to influence the Indians to a more reasonable attitude.

H.C. G[REEN]

[PIÈCE JOINTE/ENCLOSURE]

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM 412 Delhi, July 23, 1960

CONFIDENTIAL. DEFERRED.

Reference: My 410 Jul 22.

IAEA: INDIA'S ATTITUDE TOWARDS SAFEGUARDS

The text of Nehru's letter begins, "My Dear High Commissioner, you gave me today a letter from your Prime Minister, Mr. Diefenbaker. This was in regard to the safeguards question which is likely to be discussed at the General Conference of the International Atomic Energy Agency.

This matter has been raised repeatedly and we have given a good deal of thought to it. The Prime Minister of the UK, Mr. Harold Macmillan, wrote to me on this subject. Just about a month ago I sent him a reply. To this reply I attached a memo on this question of safeguards. This memo was prepared after full consultation with our Atomic Energy Department and represents our considered views. I am sending you a copy of this. Perhaps, you would send this to Mr. Diefenbaker with my compliments and regards. Yours sincerely, Jawaharlal Nehru." Ends.

2. The text of memo on safeguards begins: "[There] is no repeat no difference of opinion between the UK and India regarding the objective of nuclear disarmament. In fact, as the UK is well aware, it was India that first raised at the UN the issue of the cessation of tests of nuclear weapons. Since then, it has been repeatedly stated on behalf of India that constructive steps to achieve full nuclear disarmament are a pressing need of the present world situation.

(2) India is willing to exert every effort to assist in the evolution of a system to prevent the diversion of fissionable materials to military purposes, provided such a system takes into account certain basic considerations. For example, it must be consistent with the honour and dignity of every nation to which it is made applicable. Equally, it must be universally applied if it is to have any significant value. Thirdly, it must take into account the fact that atomic energy has become an absolute necessity for the peaceful development and prosperity of several countries, and that fissionable material is, so to speak, the life blood of the future economy of many states. It is, therefore, the responsibility of nations to cooperate in arrangements for the most rapid exchange of technical knowledge and materials required to put the atom to its most beneficial use.

(e) The Government of India have given the most careful consideration to the system of safeguards, which have been under consideration in the IAEA, [4] and which are supported by the UK and the USA, and have come to the conclusion that it satisfies none of the three criteria mentioned in the preceding paragraph. The effectiveness of the proposed system, if adopted, in preventing a country from developing a nuclear weapons potential would be inversely proportional to the state of industrial and technological development of the country. It would have the least effect in the highly industrialised countries, while it would be most effective in under-developed countries, which have to seek external aid in order to develop their peaceful atomic energy programmes and which are therefore least capable of producing nuclear weapons on their own. The system would therefore be highly discriminatory in its effect, and would widen the gulf between the technologically advanced and the under-developed countries. A system of safeguards should be universally applicable to all nations without discrimination. The proposal that a system of safeguards should be applied to those countries which are now seeking to develop atomic energy for peaceful purposes, and which are urgently in need of energy for essential developmental programmes, and which would at the same time leave the present nuclear powers completely free from control would not repeat not be reasonable. In a realistic approach, it must also be taken into account that the less developed nations, and particularly those which have recently emerged from colonialism, are naturally apprehensive that external controls and inspection in so vital a sector as power production would tend to result again in a loss of independence unless it can be demonstrated to the contrary. Such a demonstration is possible only if the present nuclear powers are willing to subject themselves fully to the same system as may be proposed for the less developed nations.

(4) It is the earnest hope of the Government of India that the nuclear powers will very soon reach agreement on the banning of nuclear tests, with an agreed detection system. Such a ban will itself become a part of a universal system against the diversion of nuclear materials to military purposes. For no repeat no country which is not repeat not already a producer of nuclear weapons would embark on a regular production of such weapons without carrying out at least some tests, which would be detected by the proposed system and immediately reveal the intentions of the country concerned. Thereafter, when the states directly concerned implement proposals, which have now been made by both sides, to ban the manufacture of nuclear weapons, under control, a system for keeping nuclear energy within the ambit of peaceful utilisation will have been achieved. The Government of India have given very careful consideration to what steps should be taken in the meanwhile to achieve the dual objectives of an acceptable system of safeguards and, what is equally important, a system which will not repeat not hamper the rapid development of the atomic energy programmes of nations. In the light of this consideration, the Government of India have come to the view that the following approach to a system of safeguards is the most appropriate one.

(5) In the first place, no repeat no conditions should be attached to the supply of plant and equipment, including nuclear reactors or components thereof. It does not repeat not appear to be practicable or feasible to attach safeguards to the many components of such plant and facilities, most of which can be utilised not repeat not only for reactors but for other non-atomic industrial purposes. It seems to the Government of India that any system which attempted to bring all such machinery under control would break down because it would not repeat not be realistic. It would not repeat not be in the interest of either manufacturing or importing countries to place such onerous restrictions on the flow of equipment and facilities. Conditions on plant and equipment would imply restrictions on the manner of operation of facilities owned by a state, and lying within the territory of the state, and would thus result in

[4] Voir volume 26, chapitre XI./See Volume 26, Chapter XI.

interference with national sovereignty. While it may become necessary for all states to accept certain limitations of their national sovereignty in the common interest, such limitations of their sovereignty cannot be required only of some states. In this connection, it is necessary to take into account that a nation cannot produce a nuclear weapon simply by virtue of its having received such plant or equipment. It would need in addition a continuous supply of nuclear material, and moreover, its technological and industrial capabilities would have to be sufficiently developed. It such a level of development is reached by a country, it would be able to produce its own reactors and facilities without the need to obtain them from elsewhere, thus, the impact of the safeguards on plant and equipment would fall on those industrially less developed nations which were in fact not repeat not in a position to utilise such equipment for the production of materials for weapons, while not repeat not affecting greatly the industrially developed countries. It should also be remembered that even if plant or equipment were to be supplied under restrictive conditions, there would be nothing to prevent the receiving country from duplicating such facilities, and its ability to do so would be in direct proportion to its industrial development.

(6) Secondly, the attachment of safeguards to the supply of unprocessed source material, such as uranium and thorium concentrates or ores, is again inexpedient for the same reasons as have been explained in the preceding paragraph of this memo. There is currently a very great over-production of such materials, and they are now becoming freely available as articles of commerce. The Government of India are unable to accept the position that safeguards should be applied to the supply of such material required for peaceful programmes, when large amounts of such materials are freely supplied by some countries to others for military purposes. Several countries, including many of the industrially under-developed countries, have sizeable deposits of these materials, and if onerous conditions are attached to their supply from other sources, the countries concerned will resort to developing their own resources, even if the end product is obtained at a cost which may be higher than that at which it could be made available under safeguards. In these circumstances, the sale of such materials should at the very most be accompanied by an undertaking by the recipient country that the materials supplied will be used solely for peaceful purposes.

(7) Finally, as already stated, the only system of safeguards which would be practicable and effective would be one which envisaged worldwide controls applicable to all nations without discrimination. Until the powers concerned are able to reach agreement on the measures which would lay the foundation of such a system, it would appear to be necessary to introduce a system attaching safeguards only to the supply of special fissionable materials, because some material of this category could be used directly for making atomic weapons. Such a system should prescribe and fix at reasonable level the quantities to be supplied free of safeguards, and accounting and inspection should be required "to the extent relevant" as prescribed in Article XII of the statute of the International Atomic Energy Agency. Generally speaking, it may be inferred that if a country is not repeat not able to produce fissile material, it will also not repeat not have the capability to produce an atomic weapon. On the other hand, if a country is determined to produce an atomic weapon and has the requisite technical knowledge to do so, then considerations of cost will not repeat not deter it from producing its own fissile materials. These dangers can be avoided only by a universal ban on the manufacture of nuclear weapons, under the requisite controls, and by banning the testing of such weapons. The Government of India are ready to give their adherence to a practical and effective system on this basis so as to assist in achieving an effective measure of world security." Ends.

[C.A.] RONNING

688. DEA/14001-2-6-40

Note du chef de la 1ère Direction économique au sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Economic (1) Division, to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], July 29, 1960

IAEA SAFEGUARDS: "COLLATERAL ACTION" PROPOSED BY THE UNITED STATES

The United States officials who came to Ottawa on June 14 for a discussion of safeguards tactics at the Fourth General Conference of IAEA opening on September 20 informed us that the United States planned to take certain "collateral action" which it was hoped would serve as earnest of their intentions to support Agency safeguards and would encourage others to do the same. Four specific types of action were mentioned and it was suggested that Canada might be prepared to follow suit in all or some of them. They are: firstly, to pledge in private conversations that the United States will apply Agency procedures as set out in the safeguards document; secondly the Agency: thirdly, to ascertain whether they would be prepared to accept the administration of safeguards in bilateral agreements through the Agency, and to join in a declaration to that effect. In the fourth place the United States is also considering whether it should declare that it would be prepared to open some of its facilities to Agency inspection. We have been told to expect a Note on this subject shortly.

2. The proposal that administration of safeguards in our bilateral agreements should be entrusted to the Agency would, if we decided to follow it up, require consultation with the other parties to our bilaterals. All our bilaterals, except that with Germany, provide at least for consultation on this subject, though the Euratom Agreement (Article IX) refers to consultations to assure that the safeguards system developed is "reasonably compatible" with that of IAEA, and to determine "whether there are any areas of responsibility with regard to safeguards and control in which the Agency might be asked to assist." At the other end of the scale, the Agreement with Japan states by Article I C iii that it is the intention of the Contracting Parties to avail themselves as soon as practicable of the safeguards facilities created by the IAEA and provides that consultations looking to such an outcome shall take place at the request of either Contracting Party. At last year's General Conference the Japanese delegate, speaking in the general debate, reaffirmed his hope that Japan would soon be in a position to request the Agency — in agreement with the other countries concerned — to take over the application of safeguards under bilateral agreements. We have been informed by Atomic Energy of Canada Limited that they are ready to accept Agency administration of safeguards and would moreover see some advantages in delegating this task to an international organization. In fact, we have always foreseen this as a possibility and have considered that it would have many advantages, including the financial.

3. The second proposal, to encourage the United States' bilateral partners to seek further cooperation through the Agency, would presumably extend to the use of the Agency as a broker in international trading of nuclear materials and equipment. The first step in this direction taken by the United States has been to suggest to the signatories of a number of its bilateral agreements which were due to expire in 1960 or early 1961, that they should in future channel their requests through the Agency. Only one, Lebanon, has agreed to this suggestion. Ten other countries have preferred to accept a two-year extension of their bilateral agreements, though each extension is "specifically related to a provision in the amendment under which the parties concerned affirm their intention of availing themselves, as soon as practicable, of the facilities and services of the International Atomic Energy Agency." None of the Canadian

agreements is due to expire before 1967, so that we have no ready-made opportunity to take up this matter with our bilateral partners. It is most unlikely that the Canadian uranium industry would welcome the use of the Agency as a broker.

4. The first proposal — that we should accept to apply Agency procedures as set out in the safeguards document — would presumably cause us no particular difficulty, since the procedures are no more rigorous than those we already observe.

5. The fourth point — opening of Canadian facilities to Agency inspection — would cause more difficulty. Atomic Energy of Canada Limited does not consider that the NRX and NRU reactors at Chalk River could be opened to Agency inspection as long as they are selling plutonium to the United States and the United Kingdom. Selective opening of facilities at Chalk River or in other parts of Canada would they consider, and I am inclined to agree, carry little if any moral weight. They would however be prepared to discuss the question if this Department felt strongly upon the matter.

6. The present outlook for safeguards is not particularly hopeful. The Soviet bloc and India will apparently hold firmly to their position and may well attract support from a number of the underdeveloped countries; France has indicated that it will not oppose but will equally not be an active supporter; Australia and South Africa at the last Board of Governors meeting both indicated that they were under some strain in continuing their support, and both have reserved their position on their bilateral agreements. Nevertheless, it seems that Canada should now cooperate with the United States and the United Kingdom in making all possible efforts to secure a definitively favourable reception of safeguards by the Fourth General Conference of the International Atomic Energy Agency and that we should actively consider whether we are prepared to adopt any of the "collateral action" described above. Points 1 and 3 in particular should be examined. If the attempt to carry safeguards fails, as it well may, we shall of course have to review our position on the matter as a whole.

7. You may wish to suggest to Mr. Bryce that the Atomic Energy Advisory Panel might discuss this question before Ministers are asked to approve the delegation's instructions for the General Conference. Mr. Wershof, who is on home leave, would be available to attend a meeting of the Panel August 10-11.[5]

O.G. STONER

689. DEA/14001-2-6-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL Ottawa, August 19, 1960

INTERNATIONAL ATOMIC ENERGY AGENCY: SAFEGUARDS

I should like to mention for your consideration now two matters connected with the International Atomic Energy Agency (IAEA) proposals for safeguards which will have to be dealt with well before the General Conference opens on September 20.

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[5] Notes marginales :/Marginal notes:
Seen. A.E. R[itchie]
Noted. N.A. R[obertson] 1.8.60
Mr. R.B. Bryce to see. [N.A. Robertson]

A. *Approval of the Text of the Safeguards Proposals*

Though Ministers have on various occasions re-affirmed Canada's support for the principle of a system of multilateral safeguards administered by the IAEA — the most recent case being that of the Prime Minister's letter of June 28 to Mr. Nehru — the final text of the proposals as they have now emerged from the Board of Governors has not been formally approved. You may wish to indicate whether you consider that it would be advisable to seek such formal approval from the Cabinet.[6] Agency document GC(IV) 108 Rev 1,† which gives this text, is attached for your information.

B. *"Collateral Action" at the General Conference proposed by the United States*

As part of the campaign to encourage support for the Agency's role, both in general and as concerns the administration of safeguards, the United States has proposed that we should be prepared to take certain "collateral action" in connection with the safeguards debate at the forthcoming General Conference. Our Embassy in Washington has received a Note (telegram 2041 August 9 attached)† suggesting that Canada, like the United States, approach its partners in bilateral agreements with the following proposals:

(a) That they be prepared in future to draw increasingly upon the Agency for the various types of assistance which they are now receiving bilaterally.

(b) That they join in a declaration at the General Conference expressing their intention of transferring to the Agency the administration of the safeguards called for in their bilateral agreements as soon as satisfactory arrangements for such transfer can be made.

The suggestion under (a) above would be neither desirable nor practicable for Canada at this stage for the following reasons:

(i) Canada has only six bilateral agreements, none of which is due to expire before 1967. The United States, on the other hand, has a great many, of which a number are due to expire shortly. The action proposed was undertaken because they were due to be renegotiated. Some thirteen countries were offered the choice between taking short two-year extensions of their bilaterals and agreeing to accept assistance through the Agency instead. Only one (Lebanon) took the second alternative.

(ii) Immeasurably the greatest part of Canada's bilateral cooperation is with the United States and the United Kingdom, neither of which is likely to agree to channel it through the Agency.

(iii) Such a move would be unpopular with the Canadian uranium industry, and considerable preparatory work, for which there is at present no time, would be required to explain it and make it more palatable.

The suggestion under (b) would however be possible and could have a good effect upon the prospective support for Agency safeguards. All our bilateral agreements, except those with Germany and Euratom, contain a clause that at or after the time the IAEA is in a position to carry out the safeguards functions provided for in its Statute, the contracting parties will consult together to determine to what extent they may wish to have the application of the bilateral safeguards carried out by the Agency. Of our bilateral partners, Japan has already declared publicly that it would be prepared to transfer the administration of bilateral safeguards to the Agency, and it seems altogether likely that Switzerland would be willing to do the same. We have moreover already shipped nuclear materials to these two countries, for which we are technically under an obligation to apply safeguards. Since our bilateral agreements all provide for reciprocal safeguards, the move suggested would mean in theory that Canada was prepared to receive Agency inspectors in atomic installations here. In

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[6] Note marginale :/Marginal note:
No. [H.C. Green]

practice, however, I understand that Canada is not at present equipped to take back irradiated fuel elements for chemical separation and that for economic reasons it is unlikely in future to enter into such transactions. Moreover, since any other foreseeable traffic would continue to be export rather than import, we should not be undertaking any obligations which, in view of the classified work done at Chalk River for the United States and the United Kingdom, it might be difficult to fulfill. On the contrary, there would be practical and financial advantages to transferring to the IAEA the obligation to administer our bilateral safeguards, since we have no machinery of our own for this job and have not yet taken steps to develop any. This is a problem which we should have had to face in the very near future in any case.

I understand that officials of the Minister of Trade and Commerce will be putting up a similar memorandum to him. I should therefore be grateful if you would indicate your views on this subject so that, if there is agreement on the course proposed in this memorandum, we could at once approach the Japanese and the Swiss with the proposal regarding safeguards, and could also inform the United States of the action we are taking.[7]

N.A. R[OBERTSON]

690. DEA/14003-J2-3-40

Note du chef de la 1ère Direction économique au sous-secrétaire d'État adjoint aux Affaires extérieures

Memorandum from Head, Economic (1) Division, to Assistant Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], September 7, 1960

INDIAN ATTITUDE TOWARDS INTERNATIONAL ATOMIC ENERGY AGENCY SAFEGUARDS

I have been informed by the Commonwealth Division that Mr. K. Sankara Pillai, who is at present in charge of the Indian High Commissioner's Office, is under instructions to discuss safeguards with this Department. Since he will probably ask for an appointment with you, and since you may not be familiar with the numerous recent developments on this subject, a summary of the present position is given below:

2. You will recall that on June 28 the Prime Minister wrote a brief personal letter to Mr. Nehru urging India's support for Agency safeguards. The text of Mr. Nehru's very negative reply and of an appended memorandum on the Indian position, which had been prepared in the first place for despatch to Mr. Macmillan, is given in New Delhi telegram No. 412 of July 23 (attached).

3. As part of the campaign of diplomatic approaches agreed upon with the United States and the United Kingdom, we had offered to take the initiative in New Delhi. After receipt of Mr. Nehru's letter, however, we thought that a further substantive approach was not likely to be useful. We suggested instead that an aide mémoire might be given to the Indians simply informing them as a matter of courtesy of the approaches that we were making in other capitals. Mr. Ronning advised strongly against our doing this and as neither the United States nor the United Kingdom was very enthusiastic about the idea, it was dropped. Instead, it has

[7] Notes marginales :/Marginal notes:
Aug. 19/60. Plan "B" is OK. I do not think text of proposals need go to Cabinet. H.C. G[reen]
Informed by telephone Aug. 19 that Mr. Churchill had also approved. [Auteur inconnu/Author unknown]

been agreed that the Indian delegate, Lall, should be told informally when he arrives in Vienna.

4. Within the past few days the campaign of diplomatic approaches has been somewhat upset by new suggestions from the United Kingdom. In particular it has been suggested that "lukewarm or potentially hostile" countries should not be shown the text of our procedural resolution nor given details of tactical plans for the General Conference. The reasoning seems to be that these countries are likely to pass the information to India, which is expected to lead an all-out attack against safeguards. We have agreed to go along with this position, and it would therefore not be advisable to give the above mentioned details to Mr. Pillai.

5. It is just possible that, contrary to the impression gained by Commonwealth Division, Mr. Pillai may not want to talk about Agency safeguards at all, but to discuss the terms on which Canada might be prepared to ship uranium to India. Some months ago the Counsellor at the Indian High Commissioner's Office asked us whether Canada would be ready to sell to India without safeguards, and owing to the confused and uncertain situation we have never given a formal answer (though we have equally never encouraged them to think that Canada was prepared to abandon safeguards).[8]

6. If Mr. Pillai does raise this question, we should be very cautious in our answer because it is more than possible that the Indians would like to play off against one another the United States, the United Kingdom, Canada and the U.S.S.R. Nehru announced on August 11 that the first Indian nuclear power station would be erected at Tarapore. According to our Trade Commissioner's information, it is to be fuelled with natural uranium and invitations to tender have been issued to three British consortia and to a French group. Several months ago there was an equally definitive press report to the effect that the U.S.S.R. would help in erecting a nuclear power station at Ahmedabad and Khrushchev was reported as saying it would be "without strings." At the same time Dr. Bhabha was busy dropping half hints to our High Commissioner and to a United States survey team then in India (a) that he would accept a safeguards on fabricated fuel elements (b) that he was prepared to accept the substance if a suitable formula could be found. If Mr. Pillai does refer to this subject rather than generally to Agency safeguards, therefore, it might be advisable to ask him to put something on paper — even only as a *Note Verbale*. At the present time there is also a new batch of reports from British Metal Corporation that India has bought uranium concentrate from the "Belgian" Congo.

O.G. STONER

691. DEA/14001-2-6-40

Note de l' ambassade aux États-Unis

Note by Embassy in United States

NOTE NO. 548 Washington, September 2, 1960

CONFIDENTIAL

The Chargé d'Affaires ad interim of Canada presents his compliments to the Secretary of State and refers to his note of August 5 describing the actions recently taken by the United States Government in preparation for the Fourth General Conference of the International Atomic Energy Agency.

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[8] Voir/See documents 414, 415.

The Government of Canada, as the Secretary of State has said in his note, shares with the United States Government the desire to strengthen the Agency and to build further on the modest but steady progress achieved up to the present time. In this connection careful study has been given to the types of action described by the Secretary of State and it has appeared to the Canadian Government that the most immediately useful step would be an announcement at the Fourth General Conference of willingness to transfer the application of safeguards under certain bilateral agreements to the Agency as soon as this body is in a position to assume such a responsibility. The Canadian Government has, therefore, instructed its representatives in Tokyo and in Berne to enquire of the Japanese and the Swiss Governments whether they would be prepared at the coming General Conference to join in a declaration of their intention to transfer to the Agency the application of safeguards in accordance with their respective bilateral agreements with Canada as soon as the Agency is in a position to accept this responsibility.

S.F. R[AE]

692. PCO

Note du secrétaire d'État aux Affaires extérieures et du ministre du Commerce pour le Cabinet

Memorandum from Secretary of State for External Affairs and Minister of Trade and Commerce to Cabinet

CABINET DOCUMENT NO. 288-60 Ottawa, September 12, 1960
CONFIDENTIAL

INTERNATIONAL ATOMIC ENERGY AGENCY:
FOURTH GENERAL CONFERENCE, VIENNA, SEPTEMBER 20

The Fourth General Conference of the International Atomic Energy Agency (IAEA) opens in Vienna on September 20. As in previous years, it is proposed that the Head of the Canadian Delegation should be Mr. M.H. Wershof, Canadian Permanent Representative and Ambassador to the European Office of the United Nations and Canadian Governor on the Board of Governors of the IAEA. The remainder of the proposed delegation is as follows:

Alternate Delegates
Mr. J.L. Gray, President, Atomic Energy of Canada Limited
Mr. K. Goldschlag, Counsellor, Canadian Embassy, Vienna, and Canadian Deputy Governor on the Board of Governors

Advisers
Miss Dorothy Burwash, Department of External Affairs, Ottawa
Mr. J.W. Greenwood, Atomic Energy of Canada Limited

Adviser and Secretary of Delegation
Mr. R.W. Murray, Second Secretary, Canadian Embassy, The Hague

2. The General Conference will conduct the usual review and assessment of the Agency's policies and programme and will approve the budget and plan of work for the coming year. It will also discuss the proposals which were provisionally approved by the Board of Governors in March for a system of safeguards to be administered by the Agency, which is intended to prevent nuclear materials supplied for peaceful purposes from being diverted to military use.

3. The development of such a system, as defined in Article XII of the Statute, has been one of the Agency's principal objectives and all countries (including Canada) that accepted the Statute have equally accepted the objective.

4. Certain members of the Board of Governors — India and the countries of the Soviet bloc — have however opposed the safeguards proposals in their present form. It was these countries which were responsible for having the proposals referred to the General Conference, where they will attempt to reopen the entire debate with consequent delay and uncertainty as to the outcome. Canada and the other principal western suppliers have strongly supported the efforts to develop a system of safeguards and Canada has recently cooperated with the United States and the United Kingdom in making a series of diplomatic approaches intended to build up support for the present safeguards proposals at the General Conference, where they will be strongly attacked by their opponents.

5. We believe these proposals, which are the result of extended study and negotiation, to be a reasonable and workable compromise. For the reasons given below we consider that we should work at this General Conference to have them accepted and put into effect as soon and as widely as possible:

(a) Safeguards against diversion of peaceful nuclear materials to military use will be a small but essential part in the machinery of any general disarmament settlement we may succeed in reaching;

(b) An early and generally accepted formulation of rights and obligations on this subject will contribute to the development of international dealings in peaceful nuclear materials;

(c) Unless an internationally accepted and administered system of safeguards can be promptly established, those countries which, like Canada, have voluntarily maintained safeguards in their bilateral dealings may find themselves placed at a disadvantage in world markets;

(d) For Canada itself there would be practical and financial advantages in transferring to the IAEA the obligation to administer the safeguards called for in our bilateral agreements, since there is no Canadian machinery for this task and no steps have yet been taken to develop any. (In the majority of our bilateral agreements this transfer is foreseen and is already provided for with the consent of our partners).

6. It is therefore considered that the countries which have supported safeguards during negotiations in the Board of Governors should now make a concerted effort to secure favourable reception of the present proposals by the Fourth General Conference and their return to the Board of Governors for prompt implementation.

Recommendation

To this end it is recommended that the Canadian Delegation to the Fourth General Conference of the International Atomic Energy Agency be authorized:

(a) To support the safeguards proposals provisionally approved by the Board of Governors;

(b) To reaffirm Canada's intention of transferring to the International Atomic Energy Agency (with the consent of our bilateral partners) the administration of the safeguards provided for in our bilateral agreements as soon as the Agency is in a position to assume this responsibility.

[H.C. GREEN]
[G.M. CHURCHILL]

693. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], September 14, 1960

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Solicitor General and Acting Secretary of State (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Martin), (Dr. Hodgson).

. . .

INTERNATIONAL ATOMIC ENERGY AGENCY MEETING; INSTRUCTIONS TO CANADIAN DELEGATION

9. *The Secretary of State for External Affairs* said the Fourth General Conference of the International Atomic Energy Agency would open in Vienna on September 20th. He recommended that the Canadian delegation be authorized to support the safeguards proposals provisionally approved by the Board of Governors with a view to preventing nuclear materials supplied for peaceful purposes from being diverted to military use. He further suggested that the delegation should reaffirm Canada's intention of transferring to the International Atomic Energy Agency (with the consent of its bilateral partners) the administration of the safeguards incorporated in Canada's bilateral agreements as soon as the Agency was in a position to assume this responsibility.

An explanatory memorandum had been circulated, (Memorandum by Secretary of State for External Affairs and Minister of Trade and Commerce, Sept. 12 — Cab. Doc. 288-60).

10. *The Minister of Trade and Commerce* said that, in practice, it was difficult for Canada to enforce the bilateral agreements in foreign countries, and that the International Agency would be able to relieve Canada of an uncomfortable responsibility.

11. *During the discussion* the following points were raised:

(a) The Canadian uranium industry was objecting to the safeguards on the ground that they were ineffective in controlling the distribution of nuclear materials because some countries sold without such safeguards; and the chief effect of the safeguards was to hamper the sale of Canadian uranium.

(b) Canada had a strong interest in the proposal to develop international control. If nuclear materials became readily available for military use by all nations, the peace of the world would

be jeopardized. The various uranium-producing nations were members of the Agency, but it was not yet known in all cases whether they would sell uranium only with safeguards. India and the countries in the Soviet bloc had opposed the safeguards proposals in their present form. Imposition of conditions on Canadian support of the proposals would reduce the likelihood of success in achieving international agreement.

(c) On the other hand, Canada should not transfer its rights in the matter to the International Agency until satisfied that an international agreement would be achieved and effectively supported. This did not necessarily mean that Canada's support should be contingent upon unanimous support of the proposals by all other producers, but only that Canada should reserve its freedom of action while most other nations did so.

12. *The Cabinet* agreed that the Canadian Delegation to the Fourth General Conference of the International Atomic Energy Agency be authorized:

(a) to support the safeguard proposals provisionally approved by the Board of Governors with a view to preventing nuclear materials supplied for peaceful purposes from being diverted to military use;

(b) to reaffirm Canada's intention of transferring to the International Atomic Energy Agency (with the consent of Canada's bilateral partners) the administration of the safeguards incorporated in Canada's bilateral agreements as soon as the Agency was in a position to assume this responsibility; and,

(c) to make clear that, if other nations did not support a safeguards policy and its effective administration, Canada would not be bound to such a policy.

. . .

694. DEA/14001-2-6-40

Le représentant auprès de l'Agence internationale de l'Énergie atomique au secrétaire d'État aux Affaires extérieures

Representative to International Atomic Energy Agency to Secretary of State for External Affairs

TELEGRAM 183 Vienna, September 30, 1960

UNCLASSIFIED. PRIORITY.

Reference: Our Tel 178 Sep 28.†

Repeat Geneva, London (Information).

IAEA CONFERENCE SAFEGUARDS

Plenary session today adopted our resolution on roll call vote 43 to 19 with 2 abstentions. Negative votes in addition to India and Soviet bloc were Cuba, Ghana, UAR, Afghanistan, Ceylon, Burma, Indonesia, Iraq, Morocco and Yugoslavia. Ethiopia and Tunisia abstained.

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